



Notice is hereby given that a meeting of the Finance and Assurance Committee will be held on:

Date: Wednesday, 27 March 2024
Time: 9.30am
Meeting room: Council Chamber
Venue: Level 2
20 Don Street
Invercargill

Finance and Assurance Committee Agenda OPEN

MEMBERSHIP

Chairperson

Bruce Robertson

Mayor Rob Scott

Councillors

Jaspreet Boparai

Don Byars

Derek Chamberlain

Paul Duffy

Darren Frazer

Sarah Greaney

Julie Keast

Christine Menzies

Tom O'Brien

Margie Ruddenklau

Jon Spraggon

Matt Wilson

IN ATTENDANCE

Chief financial officer

Anne Robson

Committee advisor

Rachael Poole

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Online: [Southland District Council YouTube](https://www.youtube.com/watch?v=9840)

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.

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Terms of Reference – Finance and Assurance Committee

TYPE OF COMMITTEE	Council standing committee
RESPONSIBLE TO	Council
SUBCOMMITTEES	None
LEGISLATIVE BASIS	Committee constituted by Council as per schedule 7, clause 30 (1)(a), LGA 2002. Committee delegated powers by Council as per schedule 7, clause 32, LGA 2002.
MEMBERSHIP	The mayor, all councillors and one external appointee.
FREQUENCY OF MEETINGS	Quarterly or as required
QUORUM	Seven members
SCOPE OF ACTIVITIES	<p>The Finance and Assurance committee is responsible for:</p> <ul style="list-style-type: none"> ensuring that Council has appropriate financial, risk management and internal control systems in place that provide: <ul style="list-style-type: none"> an overview of the financial and non-financial performance of the organisation effective management of potential opportunities and adverse effects reasonable assurance as to the integrity and reliability of Council's financial and non-financial reporting. exercising active oversight of information technology systems exercising active oversight of Council's health and safety policies, processes, compliance, results and frameworks relationships with external, internal auditors, banking institutions and insurance brokers. <p>The Finance and Assurance committee will monitor and assess the following:</p> <ul style="list-style-type: none"> the financial and non-financial performance of Council against budgeted and forecasted outcomes consideration of forecasted changes to financial outcomes Council's compliance with legislative requirements Council's risk management framework Council's control framework Council's compliance with its treasury responsibilities Council's compliance with its Fraud Policy.
DELEGATIONS	<p>The Finance and Assurance committee shall have the following delegated powers and be accountable to Council for the exercising of these powers.</p> <p>In exercising the delegated powers, the Finance and Assurance committee will operate within:</p> <ul style="list-style-type: none"> policies, plans, standards or guidelines that have been established and approved by Council

	<ul style="list-style-type: none"> • the overall priorities of Council • the needs of the local communities • the approved budgets for the activity. <p>The Finance and Assurance committee will have responsibility and delegated authority in the following areas:</p> <p>Financial and performance monitoring</p> <ul style="list-style-type: none"> a) monitoring financial performance to budgets b) monitoring service level performance to key performance indicators. <p>Internal control framework</p> <ul style="list-style-type: none"> a) reviewing whether Council's approach to maintaining an effective internal control framework is sound and effective b) reviewing whether Council has taken steps to embed a culture that is committed to probity and ethical behaviour c) reviewing whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud. <p>Internal reporting</p> <ul style="list-style-type: none"> a) to consider the processes for ensuring the completeness and quality of financial and operational information being provided to Council b) to seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council. <p>External reporting and accountability</p> <ul style="list-style-type: none"> a) agreeing the appropriateness of Council's existing accounting policies and principles and any proposed change b) enquiring of internal and external auditors for any information that affects the quality and clarity of Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above c) satisfying itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend signing of the financial statements by the chief executive/mayor and adoption of the Annual Report, Annual Plans, Long Term Plans <p>Risk management</p> <ul style="list-style-type: none"> a) reviewing whether Council has in place a current, comprehensive and effective risk management framework and associated procedures for effective identification and management of the Council's significant risks b) considering whether appropriate action is being taken to mitigate Council's significant risks.
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	<p>Health and safety</p> <ul style="list-style-type: none"> a) review, monitor and make recommendations to Council on the organisations health and safety risk management framework and policies to ensure that the organisation has clearly set out its commitments to manage health and safety matters effectively. b) review and make recommendations for Council approval on strategies for achieving health and safety objectives c) review and recommend for Council approval targets for health and safety performance and assess performance against those targets d) monitor the organisation's compliance with health and safety policies and relevant applicable law e) ensure that the systems used to identify and manage health and safety risks are fit for purpose, being effectively implemented, regularly reviewed and continuously improved. This includes ensuring that Council is properly and regularly informed and updated on matters relating to health and safety risks f) seek assurance that the organisation is effectively structured to manage health and safety risks, including having competent workers, adequate communication procedures and proper documentation g) review health and safety related incidents and consider appropriate actions to minimise the risk of recurrence h) make recommendations to Council regarding the appropriateness of resources available for operating the health and safety management systems and programmes i) any other duties and responsibilities which have been assigned to it from time to time by Council. <p>Internal audit</p> <ul style="list-style-type: none"> a) approve appointment of the internal auditor, internal audit engagement letter and letter of understanding b) reviewing and approving the internal audit coverage and annual work plans, ensuring these plans are based on Council's risk profile c) reviewing the adequacy of management's implementation of internal audit recommendations d) reviewing the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place. <p>External audit</p> <ul style="list-style-type: none"> a) confirming the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor at the start of each audit
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	<p>b) receiving the external audit report(s) and review action(s) to be taken by management on significant issues and audit recommendations raised within</p> <p>c) enquiring of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks.</p> <p>Compliance with legislation, standards and best practice guidelines</p> <p>a) reviewing the effectiveness of the system for monitoring Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and best practice guidelines as applicable</p> <p>b) conducting and monitoring special investigations, in accordance with Council policy, and reporting the findings to Council</p> <p>c) monitoring the performance of Council organisations, in accordance with the Local Government Act.</p> <p>Business case review</p> <p>a) review of the business case of work, services, supplies, where the value of these or the project exceeds \$2 million (GST exclusive) or the value over the term of the contract exceeds \$2 million (GST exclusive).</p> <p>Insurance</p> <p>a) consider Council's insurance requirements, considering its risk profile</p> <p>b) approving the annual insurance renewal requirements</p> <p>Treasury</p> <p>a) oversee the treasury function of Council ensuring compliance with the relevant Council policies and plans</p> <p>b) ensuring compliance with the requirements of Council's trust deeds are met</p> <p>c) recommend to Council treasury policies at least every three years.</p> <p>d) approve debt, interest rate and external investment management strategy.</p> <p>Fraud Policy</p> <p>a) receive and consider reports relating to the investigation of suspected fraud</p> <p>b) monitor the implementation of the Fraud Policy.</p> <p>Power to recommend</p> <p>The Finance and Assurance committee is responsible for considering and making recommendations to Council regarding:</p> <p>a) policies relating to risk management, rating, loans, funding and purchasing</p>
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	<p>b) accounting treatments, changes in generally accepted accounting practice, and new accounting and reporting requirements</p> <p>c) the approval of financial and non-financial performance statements including adoption of the Annual Report, Annual Plans and Long Term Plans.</p> <p>The Finance and Assurance committee is responsible for considering and making recommendations to Council on business cases completed under the 'Power to act' section above.</p>
FINANCIAL DELEGATIONS	<p>Council authorises the following delegated authority of financial powers to Council committees in regard to matters within each committee's jurisdiction.</p> <p>Contract acceptance:</p> <ul style="list-style-type: none"> accept or decline any contract for the purchase of goods, services, capital works or other assets where the total value of the lump sum contract does not exceed the sum allocated in the Long Term Plan/Annual Plan and the contract relates to an activity that is within the scope of activities relating to the work of the Finance and Assurance committee accept or decline any contract for the disposal of goods, plant or other assets other than property or land that is provided for in the Long Term Plan <p>Budget reallocation.</p> <p>The committee is authorised to reallocate funds from one existing budget item to another. Reallocation of this kind must not impact on current or future levels of service and must be:</p> <ul style="list-style-type: none"> funded by way of savings on existing budget items within the jurisdiction of the committee consistent with the Revenue and Financing Policy.
LIMITS TO DELEGATIONS	<p>Matters that must be processed by way of recommendation to Council include:</p> <ul style="list-style-type: none"> amendment to fees and charges relating to all activities powers that cannot be delegated to committees as per the Local Government Act 2002 and sections 2.4 and 2.5 of this manual. <p>Delegated authority is within the financial limits in section 9 of this manual.</p>
RELATIONSHIPS WITH OTHER PARTIES	<p>The committee shall maintain relationships with each of the nine community boards.</p> <p>Professional advisors to the committee shall be invited to attend all meetings of the committee including:</p> <ul style="list-style-type: none"> external auditor internal auditor/risk advisor (if appointed) chief financial officer. <p>At each meeting, the chairperson will provide the external auditor and the internal auditor/risk advisor (if appointed) with an opportunity to discuss any matters with the committee without management being present. The chairperson shall request the chief</p>

	<p>executive and staff in attendance to leave the meeting for the duration of the discussion. The chairperson will provide minutes for that part of the meeting.</p> <p>The chief executive and the chief financial officer shall be responsible for drawing to the committee's immediate attention any material matter that relates to the financial condition of Council, material breakdown in internal controls and any material event of fraud.</p> <p>The committee shall provide guidance and feedback to Council on financial performance, risk and compliance issues.</p> <p>The committee will report to Council as it deems appropriate but no less than twice a year.</p>
CONTACT WITH MEDIA	<p>The committee chairperson is the authorised spokesperson for the committee in all matters where the committee has authority or a particular interest.</p> <p>Committee members, including the chairperson, do not have delegated authority to speak to the media and/or outside agencies on behalf of Council on matters outside of the committee's delegations.</p> <p>The chief financial officer will manage the formal communications between the committee and its constituents and for the committee in the exercise of its business. Correspondence with central government, other local government agencies or other official agencies will only take place through Council staff and will be undertaken under the name of Southland District Council.</p>

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1 Apologies

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

2 Leave of absence

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

3 Conflict of interest

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

4 Extraordinary/urgent items

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

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

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

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

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

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

5 Confirmation of minutes

5.1 Meeting minutes of Finance and Assurance Committee, 14 February 2024

6 Public participation

Notification to speak is required by 12noon at least one clear day before the meeting. Further information is available at www.southlanddc.govt.nz or by phoning 0800 732 732.

Finance and Assurance Committee

OPEN MINUTES

Minutes of a meeting of Finance and Assurance Committee held in the Council Chamber, Level 2, 20 Don Street, Invercargill on 14 Feb 2024 at 9.31am. (9.31am – 10.19am, 10.37am – 12.34pm, 1.05pm – 2.02pm)

PRESENT

Chairperson	Mr Bruce Robertson (external appointee) (10.37am – 12.34pm, 1.05pm – 2.02pm) Mayor Rob Scott
Councillors	Jaspreet Boparai Don Byars (9.31am – 10.19am, 10.37am – 11.33am, 11.37am - 12.34pm, 1.06pm – 1.44pm, 1.46pm – 2.02pm) Derek Chamberlain Paul Duffy Darren Frazer Sarah Greaney (video link) Julie Keast Christine Menzies (10.17am – 10.19am, 10.37am – 12.34pm, 1.05pm – 2.02pm) Tom O'Brien Margie Ruddenklau Jon Spraggon Matt Wilson (video link) (9.31am – 10.19am, 10.37am – 12.09pm, 12.11pm - 12.34pm, 1.05pm – 2.02pm)

APOLOGIES

Chair – Mr Bruce Robertson (lateness)
Deputy mayor - Christine Menzies (lateness)

IN ATTENDANCE

Group manager finance and assurance	Anne Robson
Committee advisor	Fiona Dunlop

1 Apologies

Mayor Scott advised that he had received an apology for lateness from the Chair – Mr Bruce Robertson and also from deputy mayor Christine Menzies.

Mayor Scott would chair the meeting with the agreement of the committee until the chair, Mr Bruce Robertson arrived.

Moved Cr O'Brien, seconded Cr Keast **and resolved:**

That the Finance and Assurance Committee accept the apologies and agrees that Mayor Scott chairs the meeting until the arrival of chair – Mr Bruce Robertson.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of interest

There were no conflicts of interest declared.

4 Extraordinary/urgent items

There were no extraordinary/urgent items.

5 Confirmation of minutes

Resolution

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

That the Finance and Assurance Committee confirms the minutes of the meeting held on 6 December 2023 as a true and correct record of that meeting.

6 Public participation

There was no public participation

Reports

7.1 Finance and Assurance Committee work plan to 30 June 2024

Record No: R/24/1/3826

Group manager finance and assurance – Anne Robson and chief executive – Cameron McIntosh were in attendance for this item.

Mr McIntosh updated the committee on the implications to the Long Term Plan with the 3 waters programme being stopped by the new government. This will impact on the finalising and the audit of the documents to be part of the 2024-2034 Long Term Plan

(During discussion, Councillor Menzies joined the meeting at 10.17am.)

Resolution

Moved Mayor Scott, seconded Cr Ruddenklau **and resolved:**

That the Finance and Assurance Committee:

- a) **receives the report titled “Finance and Assurance Committee work plan to 30 June 2024”.**
- b) **notes the changes made to the Finance and Assurance Committee Work plan for the year ended 30 June 2024 since the last meeting.**

(The meeting adjourned for morning tea at 10.19am and reconvened at 10.37am.)

(Chair – Mr Bruce Robertson joined the meeting at 10.37am.)

7.2 Commercial infrastructure - forestry estate - carbon investment

Record No: R/23/9/46034

Commercial infrastructure manager – Stuart O'Neill was in attendance for this item.

The purpose of the report was to inform the Finance and Assurance Committee of the current market environment for New Zealand Emission Units (NZUs) held in the Emissions Trading Scheme (ETS).

It was noted that Council holds NZUs registered with the governments ETS within the forestry investment portfolio.

NZUs contribute a considerable sum to the overall balance sheet and in their own right are a considerable financial asset.

The Investment and Liability Management Policy determines that when Council assesses the risk of investment in the forestry portfolio, Council's primary objective must be the protection of its initial investment and generating a commercial return on strategic investments is considered a secondary objective. Therefore, the implications of any sale of NZUs for any purpose needs to thoroughly satisfy Council's strategic objectives and the financial risks of owning the investment.

Central government policy outcomes have signalled further investment in forestry conversion is unlikely to be registered into the ETS. Therefore, this position discourages any short-term future investment in forestry in Southland where the ETS and NZU's are considered as part of the investment option.

Following discussion it was agreed that Council reviews its ongoing position in relation to its existing forestry estate NZUs and forest estate and report to the committee by June 2024.

Resolution

Moved Chairperson Robertson, seconded Cr Ruddenklau **recommendations a to c and a new d (as indicated) and resolved:**

That the Finance and Assurance Committee:

- a) **Receives the report titled "Commercial infrastructure - forestry estate - carbon investment".**
- b) **Determines that this matter or decision be recognised not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**

New d)Agrees that Southland District Council reviews its ongoing position in relation to its existing forestry estate NZUs and forest estate and report to the committee by June 2024.

~~d) — Agrees that Southland District Council does not sell the Southland District Council forestry estate NZUs and retains these NZUs in the ETS.~~

7.3 Draft revenue and financing policy for long term plan 2024-2034

Record No: R/24/2/5133

Finance development coordinator – Nicole Taylor and Transitional project lead – Shelley Dela Llana were in attendance for this item.

The purpose of the report was for the Finance and Assurance Committee to consider and provide feedback on the draft Revenue and Financing Policy and recommend to Council that it endorse the draft policy for consultation as part of the 2024-2034 Long Term Plan.

The report also outlined a number of related changes to Council's rating for certain activities that dovetail into the changes being made to the draft policy.

The Revenue and Financing Policy outlines how Council will fund the operating and capital expenses of the various activities and services it provides for the community and provides the framework for how Council will set rates as part of the Long Term Plan.

The report explains the content of the policy and details the proposed changes. Feedback obtained over the past ten months from Council and community boards during Long Term Plan workshops/meetings has been taken into account. Feedback has indicated that Council's current funding and rating approach continue to be appropriate, with some minor adjustments as outlined in the report.

There was a request by members of the Committee to take the clauses separately.
Chair – Mr Robertson advised that he would take them separately.

Moved Councillor Menzies, seconded Councillor Duffy, recommendations a to g of the report as follows:

That the Finance and Assurance Committee:

- a) receives the report titled "Draft revenue and financing policy for long term plan 2024-2034".
- b) determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) endorses the draft Revenue and Financing Policy, (attached as attachment A of the officer's report), subject to amendments suggested by the committee and any updated financial information.
- e) endorses the proposed rating changes for consultation, subject to amendments suggested by the committee and any updated financial information including:
 - i) five options for general rate funding of Te Anau – Manapouri airport (as outlined in the draft policy (attached as attachment A of the officer's report) as resolved by Council at its meeting 22 November 2023.
 - ii) proposed adjustments to the model used to calculate the roading rate differential including:
 - increasing the \$ per tonne for heavy vehicle sectors by \$0.25 (excl GST) per year for three years and increasing this from \$1.10 to \$1.35 (excl GST) in year one (2024/2025)
 - increasing the fixed uniform targeted roading rate by \$10 (excl GST) per year for three years and increasing this from \$80 to \$90 (excl GST) in year one (2024/2025)

- moving non-commercial protected/indigenous native forests from the roading rate “forestry” differential category to “other”.
- iii) removing the SIESA half charge rate and charging all properties within the Stewart Island Electricity Supply network area the SIESA full charge rate.
- iv) reallocating the Te Anau Rural Water Supply 7.7 unit charge to the half and full charge rates.
- v) expanding the Tokanui and Waimahaka hall rating boundaries to include properties in the closed Fortrose hall rating boundary.
- vi) expanding the Wrights Bush and Waianiwa hall rating boundaries to include properties in the closed Otahuti hall rating boundary.
- f) recommends to Council that it release the draft Revenue and Financing Policy and associated rating changes for public consultation in accordance with section 82 of the Local Government Act 2002.
- g) notes that consultation will take place alongside other financial policies and the LTP 2024-2034 with dates to be confirmed.

Recommendations a to c were put and declared CARRIED.

Recommendation d was put and declared CARRIED.

Recommendation e(i) was put and declared CARRIED. (Councillors Boparai and Byars requested that their dissenting votes be recorded.)

Recommendation e(ii) was put and declared CARRIED. (Councillors Boparai and Chamberlain requested that their dissenting votes be recorded.)

Recommendation e(iii) was put and declared CARRIED.

Recommendation e(iv) was put and declared CARRIED.

Recommendation e(v) was put and declared CARRIED.

Recommendation e(vi) was put and declared CARRIED.

Recommendation f was put and declared CARRIED.

Recommendation g was put and declared CARRIED.

Resolution

That the Finance and Assurance Committee:

- a) receives the report titled “Draft revenue and financing policy for long term plan 2024-2034”.

- b) **determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **endorses the draft Revenue and Financing Policy, (attached as attachment A of the officer's report), subject to amendments suggested by the committee and any updated financial information.**
- e) **endorses the proposed rating changes for consultation, subject to amendments suggested by the committee and any updated financial information including:**
 - i) **five options for general rate funding of Te Anau – Manapouri airport (as outlined in the draft policy (attached as attachment A of the officer's report) as resolved by Council at its meeting 22 November 2023.**
 - ii) **proposed adjustments to the model used to calculate the roading rate differential including:**
 - **increasing the \$ per tonne for heavy vehicle sectors by \$0.25 (excl GST) per year for three years and increasing this from \$1.10 to \$1.35 (excl GST) in year one (2024/2025)**
 - **increasing the fixed uniform targeted roading rate by \$10 (excl GST) per year for three years and increasing this from \$80 to \$90 (excl GST) in year one (2024/2025)**
 - **moving non-commercial protected/indigenous native forests from the roading rate "forestry" differential category to "other".**
 - iii) **removing the SIESA half charge rate and charging all properties within the Stewart Island Electricity Supply network area the SIESA full charge rate.**
 - iv) **reallocating the Te Anau Rural Water Supply 7.7 unit charge to the half and full charge rates.**
 - v) **expanding the Tokanui and Waimahaka hall rating boundaries to include properties in the closed Fortrose hall rating boundary.**
 - vi) **expanding the Wrights Bush and Waianiwa hall rating boundaries to include properties in the closed Otahuti hall rating boundary.**
- f) **recommends to Council that it release the draft Revenue and Financing Policy and associated rating changes for public consultation in accordance with section 82 of the Local Government Act 2002.**

- g) notes that consultation will take place alongside other financial policies and the LTP 2024-2034 with dates to be confirmed.**

Note – Councillors Boparai and Byars requested that their dissenting votes be recorded for clause e(i).

Note – Councillor Boparai and Chamberlain requested that their dissenting votes be recorded for clause e(ii).

7.4 Supporting Documentation - Long Term Plan 2024-2034

Record No: R/23/11/53985

Corporate performance lead – Robyn Laidlaw was in attendance for this item.

The purpose of the report recommends the committee endorses the supporting documents for the Long Term Plan 2024- 2034 for release to the Auditors and to support the consultation document.

All councils are required by legislation to adopt an LTP and review it every three years. The process to develop the 2024/2034 LTP commenced in early 2023.

Local authorities are required to develop a consultation document for the purpose of consulting with the community as well as making publicly available the information that provides the basis for the preparation of the LTP.

(During discussion, Councillor Wilson left the meeting at 12.09pm and returned at 12.11pm.)

(The meeting adjourned for lunch at 12.34pm and reconvened at 1.05pm.)

(Councillor Byars returned to the meeting at 1.06pm.)

(Councillor Byars left the meeting at 1.44pm and returned to the meeting at 1.46pm.)

Following discussion on the draft performance management framework and the transport, water facilities, SIESA, community services, community facilities, community leadership, open spaces, waste services, environmental services and emergency management activity management plans, it was agreed that the draft performance management framework and Transport activity management plan would be endorsed for inclusion in the Long Term Plan consultation document.

The activity management plans for water facilities, SIESA, community services, community facilities, community leadership, open spaces, waste services, environmental services and emergency management would be considered at a further meeting of the committee.

Resolution

Moved Mayor Scott, seconded Deputy Mayor Menzies **recommendations a to c, new d, and e and f and resolved:**

That Finance and Assurance Committee:

- a) **Receives the report titled "Supporting Documentation - Long Term Plan 2024-2034" dated 9 February 2024.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**

New d) (i) Endorses and recommends to Council the following draft supporting information for the Long Term Plan consultation document:

- **Draft performance management framework (attachment A of the officer's report)**
- **Transport draft activity management plan (attachments B) of the officer's report)**

(ii) Note the following draft activity management plans (attachments B and C of the officer's report) will be considered at a further meeting:

- **Water facilities**
- **SIESA**
- **Community services**
- **Community facilities**
- **Community leadership**
- **Open spaces**
- **Waste services**
- **Environmental services**
- **Emergency management**

~~d) — Endorses and recommends to Council the following draft supporting information for the Long Term Plan consultation document:~~

- **~~Draft performance management framework (attachment A of the officer's report)~~**
- **~~Draft activity management plans (attachments B and C of the officer's report)~~**

e) Notes that the supporting documents will be made publicly available during the consultation period.

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- f) **Notes that the draft supporting information may come back to the committee given the work still being carried out to finalise the forecasts as a result of this information.**

The meeting concluded at 2.02pm.

CONFIRMED AS A TRUE AND CORRECT RECORD AT A
MEETING OF THE FINANCE AND ASSURANCE
COMMITTEE HELD ON WEDNESDAY 14 FEBRUARY
2024.

DATE:.....

CHAIRPERSON:.....

Finance and Assurance Committee work plan to 30 June 2024

Record no: R/24/3/23218

Author: Teresa Morgan, Financial accountant

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☐ Recommendation

☒ Information

Purpose

1. To update the Committee on the status of the work programme discussed and agreed at the 22 March 2023 meeting for the financial year ending 30 June 2024.
2. As noted at the meeting the adoption of the work plan does not preclude the Committee or staff from including additional reports as and when required.
3. As the year proceeds, the work plan will be updated to incorporate the actual dates reports are being presented where that differs to the work plan adopted. For the committee's information the "X" in red shows the date the report was presented, where this differs from what was approved in the work plan or if it is a new report that will be presented on an annual basis. If there is a black "X" on the same line as a red "X", the black "X" indicates the date agreed by the committee. The "X" in green reflects changes identified to the ongoing work plan since it was adopted. The "X" in blue reflects a report that has been removed permanently.
4. The following two reports relate to the 2024-2034 long term plan and have been added to the March meeting.
 - The draft financial and infrastructure strategies have been added.
 - An updated timeline report has been added. This outlines the effect that adding the three waters assets back into the Long Term Plan has had on the timeline and proposes to utilise some of the three month extension to adopt the Long Term Plan that Government provided when reversing the three waters legislation. This report also proposes an extra April meeting to review the consultation document and any further updates to other documents supporting this.
5. The following reports have been moved from March to a future meeting:
 - The 2023/2024 annual report audit timetable has been moved to the June meeting as council staff are currently in discussion with Deloitte to develop an annual report audit timetable around the Long Term Plan audit timetable.
 - Forecast financial position has been moved to a possible April meeting as the forecast is delayed due to the prioritising of Council resources towards the Long Term Plan.
 - The internal audit reports have been moved to the June meeting as Council resources are being prioritised towards the Long Term Plan.
 - The Finance and Assurance Committee work plan for the year ended 30 June 2025 report has been delayed to the June meeting to enable dates adopted as part of the Long Term Plan timeline discussion to be included and discussions with auditors around the revised Annual Report timeline to be incorporated. These are likely to change the already approved Finance and Assurance meeting dates post July 2024.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Finance and Assurance Committee work plan to 30 June 2024”.**
- b) notes the changes made to the Finance and Assurance Committee Work plan for the year ended 30 June 2024 since the last meeting.**

Attachments

- A Finance and Assurance Committee Workplan to 30 June 2024**

Finance and Assurance Committee Workplan to 30 June 2024

Content	6 Sept 2023	18 Oct 2023	15 Nov 2023	6 Dec 2023	14 Feb 2024	27 Mar 2024	5 Jun 2024
2024/25 Long term plan - accounting policies	X	X					
2024/25 Long term plan - significant forecasting assumptions	X						
2024/25 Long term plan – Deloitte engagement letter	X	X		X			
2024/25 Long term plan - recommend draft to council					X future date to be confirmed		
2024/25 Long term plan - recommend adoption by council							X
2024/25 Long term plan – endorse supporting documentation					X		
2024/25 Long term plan – audit management report					X future date to be confirmed		X
2024/25 Long term plan - policies				X	X		
2024/25 Long term plan – timeline update				X		X	
2024/25 Long term plan- Draft financial and infrastructure strategies						X	
2025/26 Annual Plan – accounting policies							X
2025/26 Annual Plan – significant forecasting assumptions							X
Quarterly Risk Report	X			X		X	X
Health & Safety Update including H&S events dashboard	X			X		X	X
Financial Monthly Report	X			X		X	X
Follow up on audit action points	X			X		X	X
2022/23 Annual Report – agree report ready for audit	X						
2022/23 Annual Report – accounting policies	X						
2022/23 Annual Report – management representation letter		X					
2022/23 Annual Report – recommend adoption by Council		X					
2022/23 Annual Report – final audit management report		X					
2023/24 Annual Report – Deloitte engagement letter					X	X	
2023/24 Annual Report – Audit Timetable					X	X	X
2023/24 Annual Report – accounting policies							X
2023/24 Debenture Trust Engagement Letter					X	X	
2022/23 Debenture Trust Limited Independent Assurance Report		X					
Analysis of actual results to forecast for year end 30 June 23		X					
Forecast Financial Position						X	X
Interim Performance Report	X			X		X	
Financial Transactional Team Update Report to 30 June 2024	X						
Determine Finance & Assurance meeting Content 24/25						X	X

Content	6 Sept 2023	18 Oct 2023	15 Nov 2023	6 Dec 2023	14 Feb 2024	27 Mar 2024	5 Jun 2024
Internal Audit Terms of Reference							
Internal Audit Final Report							
Insurance - renewal approval							X
Cyber security update	X			X		X	X
Environmental Services Business Improvement Plan	X			X		X	X
Setting of three-year Internal Audit Program						X	X
Internal Audit Terms of Reference						X	X
Internal Audit Final Report (Prevention of Bribery & Corruption)				X		X	X
Commercial infrastructure – forestry harvest plan 2023/2024	X						
Waimea road alliance contract review for 2022/2023	X						
Budget carry forward requests - 2022/2023 into 2023/2024 financial year	X						
Winton wastewater		X					
Ministry for the environment class 1 landfill audit report		X					
Legal matter – Outcome and next steps			X				
Manapouri water treatment plant upgrade – business case			X				
Legal matter – next steps				X			
Commercial infrastructure – forestry estate – carbon investment					X		

R/23/3/9729

2023/24 Deloitte audit engagement and proposal letters

Record No: R/24/1/3824
Author: Teresa Morgan, Financial accountant
Approved by: Anne Robson, Group manager finance and assurance

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 For the Committee to receive the audit proposal letter from Deloitte to conduct the audit of Council on behalf of the Auditor-General for year ended 30 June 2024 and consider accepting the audit fee proposed in the letter.
- 2 For the Committee to receive a refreshed engagement letter from Deloitte for the 30 June 2024 audit which has no material changes from the three-year (2023, 2024 and 2025) engagement letter presented to the Committee at the 7 June 2023 meeting and signed by the Mayor on the 12 June 2023.
- 3 To seek approval for the Mayor to sign the Deloitte audit proposal and refreshed engagement letters.
- 4 To seek approval from the Committee to incorporate the audit shortfall of \$2,000 into the forecasting process to be met from the district operations reserve or any operating surplus at year end.

Executive summary

- 5 On the 6th March 2024, Council received a proposal letter from Deloitte to conduct the audit of Council and its subsidiaries on behalf of the Auditor-General and are looking for Council to consider and agree the increase of 3.17% to the audit fee from 2022/2023 (\$187,883, excl GST) for the year ending June 2024 (attachment A).
- 6 In May 2023 Council received an audit engagement letter from Deloitte for the audit of the annual report for the three years ending 30 June 2023 to 30 June 2025. The engagement letter set out the terms of the audit engagement, the nature and limitations of the audit and the respective responsibilities of Deloitte and Council during the audit process. This letter was presented to Council at the 7th June 2023 meeting and signed by the Mayor on the 12th June 2023. On the 6th March 2024 Deloitte provided a refreshed engagement letter for the 30 June 2024 audit. There are no changes to the body of the engagement letter compared to the engagement letter presented in June 2023. The engagement letter presented in June 2023 included an annex of the Deloitte master terms of business which supports the terms mentioned in the body of the letter, this annex has not been included in the refreshed letter.
- 7 If the committee agrees with the Deloitte proposal and refreshed engagement letter, a recommendation for the Mayor to be given authority to sign the documents on behalf of Council is included in the report.
- 8 This report also includes a recommendation incorporating the audit fee shortfall of \$2,000 into the forecasting process to be funded from the district operation reserve or operating surplus at year end.

- 9 Deloitte Group Audit Partner, Mike Hawken will attend the Committee meeting to discuss the engagement letter and proposal letter with the Committee.

Recommendation

That the Finance and Assurance Committee:

- a) Receives the report titled "2023/24 Deloitte audit engagement and proposal letters" dated 21 March 2024,**
- 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) Receives the proposal letter from Deloitte (attachment A) to conduct the audit of Council on behalf of the Auditor-General for the 2023/2024 financial year.**
- e) Receives the refreshed audit engagement letter from Deloitte (attachment B) for the year ending 30 June 2024.**
- f) Accepts the proposed audit fee of \$187,883 (excl GST) plus actual disbursements for the audit of the annual report for the year ended 30 June 2024.**
- g) Accepts the terms of engagement as set out in the refreshed audit engagement letter (attachment B) for the audit of the annual report for year ending 30 June 2024.**
- h) Authorises the Mayor to sign the refreshed audit engagement letter and the proposal letter from Deloitte, incorporating any amendments agreed at the meeting or subsequent.**
- i) Agrees to include the audit fee shortfall of \$2,000 into Councils forecasting process to be met from the district operations reserve or any operating surplus at year end.**

Background

- 10 The purpose of this report is to provide an overall summary of the audit fee proposal letter and the refreshed engagement letter for the audit of the 30 June 2024 annual report.

Audit Engagement Letter

- 11 In May 2023 Council received an audit engagement letter from Deloitte for the audit of the annual report for the three years ending 30 June 2023 to 30 June 2025. The engagement letter set out the terms of the audit engagement, the nature and limitations of the audit and the respective responsibilities of Deloitte and Council during the audit process. This letter was presented to Council at the 7th June 2023 meeting and signed by the Mayor on the 12th June 2023.

- 12 The only difference between the refreshed engagement letter and the original letter presented in June 2023, is that the original contained Deloitte's master terms of business as an annex. This is still applicable to the audit.
- 13 Deloitte's policy is to reissue an engagement letter annually as a matter of good practice in case there are any changes to the letter and while it is not necessary to provide the refreshed engagement letter they prefer to do this with the proposed fee to ensure all parties are on the same page with the fee being set.
- 14 It is important that Council consider and understand their responsibilities as set out in the engagement letter (attachment B).

Audit Proposal Letter

- 15 The purpose of the proposal letter is to provide information on:
- the statutory basis for the audit and how the audit fee is set,
 - the entities covered by the proposal,
 - the key members of the audit team,
 - the hours Deloitte plan to spend on the audit and the reasons for any change in hours,
 - the proposed fee for the audit of the financial year ending 30 June 2024, and the reasons for any change,
 - assumptions relating to the proposed audit fee, including what is expected of Council,
 - what the OAG audit standard and quality support charge provides,
 - the certification required by the Auditor-General, and
 - Deloitte's commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.
- 16 In the past, the fee levels were often set for three years. The proposal letter only contains the audit fee in relation to the financial year ended 30 June 2024 as it is becoming common practice to now set the audit fee annually.
- 17 Deloitte Group Audit Partner, Mike Hawken will attend the Committee meeting to discuss the engagement letter and proposal letter with the Committee.

Issues

Proposed audit fees

- 18 The audit fee is set by the Auditor General upon recommendation from Deloitte and having regard to section 42 of the Public Audit Act, which requires that the fees are "reasonable" for both the auditors and Council. If a fee cannot be agreed between Deloitte and Council, the Auditor General will, with assistance from the OAG, directly set the fee. The proposed fees for the 2023/2024 financial year audit are set out in paragraph 20 below.
- 19 A summary of previous actual, proposed and Council budgets in relation to the audit fee and disbursements (excl GST) for the year ended 30 June 2023 and 2024 are detailed below:

	2023 Budget	2023 Actual	2024 Proposed	2024 Council Budget	2024 Council Budget Shortfall
Total audit hours	900	861	900		
Deloitte audit fee	\$165,000	\$165,000	\$170,000		
Office of the Auditor General fee	\$25,000	\$17,118	\$17,883		
Total Audit fee (before disbursements)	\$190,000	\$182,118	\$187,883	\$187,900	(17)
Increase in total audit fees (excl GST and disbursements)	-	-	3.17%	-	-
Disbursements (excl GST) charged by Deloitte	\$14,000	\$19,035	\$17,000	\$15,000	\$2,000
Total (excl GST)	\$204,000	\$201,153	\$204,883	\$202,900	\$1,983

- 20 There is an increase of \$5,765 in the audit fee compared to the 2022/2023 actual audit fee, this is due to salary cost movements with an inflation increase based on 3.5%.
- 21 As usual, Deloitte will seek to fully recover any direct costs they incur to deliver Council's audit for the year ended 30 June 2024 of \$187,883. The amount therefore indicated is an estimate only. Actual costs last year were higher as staff from Christchurch were used to undertake the audit.
- 22 Deloitte are expecting some decrease in the disbursement costs as travel arrangements will be planned well in advance of the required visits.
- 23 Council has \$202,900 budgeted for the audit fee in the 2023/2024 financial year compared to the proposed total fee of \$204,883 including disbursement costs. The difference has given a shortfall to the budget of \$1,983. To fund this shortfall, staff are proposing to include \$2,000 into the forecasting process to be funded by the district operations reserve. At year end it will be funded from either this reserve or any operating surplus.

Factors to consider

Legal and statutory requirements

- 24 Section 98(1) of the Local Government Act 2002 requires Council to prepare and adopt an Annual Report each financial year. Section 99(1) requires the Annual Report to include an auditor's report.

- 25 In accordance with Section 14(1) of the Public Audit Act 2001, Council's Annual Report must be audited by the Office of the Auditor-General. Deloitte is the authorised audit service provider on behalf of the Auditor-General.

Community views

- 26 The community rely on the audit of the Annual Report to provide assurance that the financial and performance reporting is accurate.
- 27 No consultation is required as the Annual Report reflects the actual results of activities undertaken during the year compared to the LTP/Annual Plan budgets, which typically have been consulted on.
- 28 However, the community will expect Council to ensure that the audit fees agreed are fair, reasonable and provide value for money.

Costs and funding

- 29 Noted in the issues section para 19-23 above.

Policy implications

- 30 Council has by way of the Finance and Assurance Committee's terms of reference delegated to the committee to have responsibility and delegated authority to confirm the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor at the start of each audit.

Analysis

Options considered

- 31 There are two options to be considered in this report as outlined below.

Analysis of options

Option 1 – accept the refreshed audit engagement letter, proposal letter and proposed fee and authorise the Mayor to sign the letters, subject to any amendments discussed and agreed at the meeting and approve the shortfall of \$2,000 to be incorporated into the forecasting process to be funded by the district operations reserve or operating surplus at year end.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">allows the Annual Report process to continue as proposed	<ul style="list-style-type: none">none, unless Council requires clarification and this is not sought before signing

Option 2 – Request clarification or significant amendment of the engagement letter and/or the proposed audit fees letter and/or the audit planning report.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Council is able to seek the clarification it requires or significantly amend the engagement letter and proposed audit fee	<ul style="list-style-type: none">could delay the audit process if Council does not accept the Deloitte engagement letter and audit fee proposal letter

Assessment of significance

- 32 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 have been considered throughout this process thus the proposed decision is not considered significant.
- 33 The decision being made in this report is whether Council accepts the proposal letter and proposed fees presented by Deloitte. Given the administrative nature of this matter it is not considered significant in terms of Council's significance policy.

Recommended option

- 34 Option 1 – accept the audit engagement letter, proposal letter and proposed fee and authorise the Mayor to sign the letters, subject to any amendments discussed and agreed at the meeting and approve the shortfall of \$2,000 to be incorporated into the forecasting process to be funded by the district operations reserve or operating surplus at year end.

Next Steps

- 35 If accepted, Council staff will arrange for the Mayor to sign these letters and return it to Deloitte.

Attachments

- A Deloitte draft proposal letter for year ending 30 June 2024
B Deloitte draft refreshed engagement letter for year ending 30 June 2024



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06 March 2024

*Cameron McIntosh
Southland District Council
PO Box 903
Invercargill 9840*

Copy: Director Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington

Dear Cameron

Proposal to conduct the audit of *Southland District Council* and subsidiaries on behalf of the Auditor-General for the year ending 30 June 2024.

1 Introduction

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next three years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the financial year ending 30 June 2024.

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial year ending 30 June 2024, and reasons for any change;
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards

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2 Statutory basis for the audit and how audit fees are set

The audit of your organisation is carried out under Section 15 of the Public Audit Act 2001, which states that “the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited”.

Fees for audits of public entities are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your Finance and Assurance Committee and I have the opportunity to reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

3 Entities covered by this proposal

This proposal covers the audits of the following entities:

- Southland District Council

The following entity is covered by a separate proposal/contract which will be agreed directly with the Board of Trustees:

- Milford Community Trust

4 Key members of the audit team

Appointed Auditor
Quality Control Reviewer
Audit Manager

Mike Hawken
Pam Thompson
Dinujaya Kandaudaarachige

5 Estimated audit hours

We estimate that the following hours will be required to carry out the audits (compared to budgeted and actual data from the previous financial year):

Audit team member	2023 Budget	2023 Actual (*)	2024 Budget
Appointed Auditor	70	56	70
Review Partner	15	13	15
Audit Manager	120	127	120
Other CA qualified staff	290	243	265
Non-CA qualified staff	400	324	350
Sector Specialist	0	0	0
Information systems	5	99	80
Total audit hours	900	861	900



(*) We have benchmarked these hours with our Deloitte portfolio of other Councils to ensure reasonable and consistent.

5.1 Reasons for changes in audit hours

There are no changes to budgeted hours for 2024.

6 Proposed audit fees

Our proposed fees for the 2024 audit (compared to budgeted and actual data from the previous financial year) is:

Structure of audit fees	2023 budget fees \$	2023 actual fees charged \$	2024 \$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	165,000	165,000	170,000
OAG Audit Standards and Quality Support charge	25,000	17,118	17,883
Total audit fee (excluding disbursements)	190,000	182,118	187,883
Estimated Disbursements	14,000 ^(*)	19,035	17,000 ^(*)
Total billable audit fees and charges	204,000	201,153	204,883
GST	30,600	30,173	30,732
Total (including GST)	234,600	231,326	235,615

^(*) We expect some decrease in disbursement costs as travel arrangements can be planned well in advance of required visits.

6.1 Reasons for changes in audit fees

In addition to the increased hours the increase in fee is also as a result of the increase in staff costs.

In table 5.1 we showed the factors that have resulted in a change of audit hours. The cost impacts of those changes are shown in the table below.

Reasons for increased or decreased audit fees compared to previous period <u>budgeted</u> fees.	2024
Predicted staff salary cost movements – inflation based on 3.5%	5,000
Total increase (decrease) in audit fees	5,000

7 Assumptions relating to our audit fee

You are responsible for the production of your financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

3



- You will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit.
- Your staff will provide us with an appropriate level of assistance.
- Your organisation's annual report and financial statements (including Statements of Service Performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit.
- Your organisation's financial statements will include all relevant disclosures.
- We will review up to two sets of draft annual reports, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website).
- There are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us).
- There are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work
- There are no significant changes to mandatory auditing standards that require additional work other than items specifically identified in the tables above.
- There are no significant changes to the agreed audit arrangements (set out in an annual letter we will send you) that change the scope of, timing of, or disbursements related to, this audit.

If the scope and/or amount of work changes significantly, we will discuss the issues and any implications for our audit costs and your audit fees with you and the OAG at the time.

8 What the OAG Audit Standards and Quality Support charge provides

Parliament has indicated that it expects the full cost of annual audits under the Public Audit Act (including an OAG Audit Standards and Quality Support charge) to be funded by public entities.

The OAG Audit Standards and Quality Support charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG Audit Standards and Quality Support charge portion of the audit fee, to the OAG.



9 **Certifications required by the Auditor-General**

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

10 **Conclusion**

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely

Mike Hawken
Partner
For Deloitte Limited

I accept the audit fees for the audit of the 2024 financial years as stated above.

Full name:	_____	Position:	_____
Authorised signature:	_____	Date:	_____
Entity name:	_____		



Actions to take when agreement has been reached:

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to: *Mike Hawken*
 Deloitte Limited
 Otago House
 481 Moray Place
 PO Box 1245
 DUNEDIN 9054



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06 March 2024

The Mayor
Southland District Council
PO Box 903
Invercargill 9840

Dear Mayor

AUDIT ENGAGEMENT LETTER

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including Southland District Council, under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, under section 32 and 33 of the Act, to carry out the annual audits of the Southland District Council’s financial statements and performance information. We will be carrying out the annual audit on the Auditor-General’s behalf, for the years ending 30 June 2024.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the Council and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the Council’s financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit. Typically those matters will relate to issues of financial management and accountability.

We will carry out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and plan and perform the annual audit to obtain reasonable assurance about whether the Southland District Council’s financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

Your responsibilities

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and

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- providing us with:
 - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
 - all other information, in addition to the financial statements and performance information, to be included in the annual report;
 - additional information that we may request from the Southland District Council for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.

The Council's responsibilities extend to all resources, activities, and entities under its control. We expect that the Council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within the Southland District Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred - regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Annex 1. Annex 2 contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the Council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The Council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of Southland District Council:

- present fairly, in all material respects:
 - its financial position as at 30 June 2024 ;and
 - its financial performance and cash flows for the year then ended;
- comply with generally accepted accounting practice in New Zealand in accordance with [the applicable financial reporting framework].



We are also responsible for forming an independent opinion on whether the performance information of Southland District Council:

- presents fairly, in all material respects, the performance for the year ended 30 June 2024 including:
 - its performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
- complies with generally accepted accounting practice in New Zealand.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the Council obtained and applied the resources of the Council in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the Council and the Council have met Parliament's and the public's expectations of appropriate standards of behavior in the public sector; and
- be alert for issues of a lack of financial prudence.

Our independence

It is essential that the audit team and Deloitte Limited remain both economically and attitudinally independent of Southland District Council (the Council); including being independent of management personnel and



members of the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Deloitte Limited.

To protect our independence, specific limitations are placed on us in accepting engagements with the Council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Council and myself or Deloitte Limited.

Reporting

We will issue an independent audit report that will be attached to the financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

We will also issue a management letter that will be sent to the Council. This letter communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the Council. Typically those matters will relate to issues of financial management and accountability. We may also provide other management letters to the Southland District Council from time to time. We will inform the Council of any other management letters we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the enclosed copy of the letter in the space provided and returning it to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours faithfully/sincerely

A handwritten signature in blue ink, appearing to read "M Hawken".

Mike Hawken
Partner for Deloitte Limited
On behalf of the Auditor-General



I acknowledge the terms of this engagement and that I have the required authority on behalf of the Council.

Signature:

Name:

Title: Date:



Annex 1 – Respective specific responsibilities of the Council and the Appointed Auditor

Responsibilities for the financial statements and performance information	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the financial statements:</p> <ul style="list-style-type: none"> - present fairly, in all material respects: <ul style="list-style-type: none"> - the financial position as at 30 June 2024; and - the financial performance and cash flows for the years then ended; - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards. <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> - presents fairly, in all material respects, the performance for the year ended 30 June 2024 including: <ul style="list-style-type: none"> - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year. - complies with generally accepted accounting practice in New Zealand <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures</p>



	<p>performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and performance information.</p> <p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> - the appropriateness of accounting policies used and whether they have been consistently applied; - the reasonableness of the significant accounting estimates and judgements made by those charged with governance; - the appropriateness of the content and measures in any performance information; - the adequacy of the disclosures in the financial statements and performance information; and - the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> - the adoption of the going concern basis of accounting is appropriate; - all material transactions have been recorded and are reflected in the financial statements and performance information; - all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and - uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p>
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	<p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
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Responsibilities for the accounting records	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> - correctly record and explain the transactions of the public entity; - enable you to monitor the resources, activities, and entities under your control; - enable the public entity's financial position to be determined with reasonable accuracy at any time; - enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and - are in keeping with the requirements of the Commissioner of Inland Revenue. 	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>

Responsibilities for accounting and internal control systems	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the public entity), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and - where applicable - performance information reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p> <p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p>



Responsibilities for preventing and detecting fraud and error	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the public entity) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the Southland District Council with delegated authority have a reasonable basis that suspected fraud has occurred - regardless of the amount involved.</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> - obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and - report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>
Responsibilities for compliance with laws and regulations	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for ensuring that the public entity has systems, policies, and procedures (appropriate to the size of the public entity) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the public entity are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> - the relevance of the law or regulation to the audit; - our assessment of the risk of non-compliance; - the impact of non-compliance for the addressee of the audit report



	<p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>
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Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the public entity may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p> <p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>



Responsibilities for conflicts of interest and related parties	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p>

Responsibilities for publishing the audited financial statements on a website	
<i>Responsibilities of the Council</i>	<i>Responsibilities of the Appointed Auditor</i>
<p>You are responsible for the electronic presentation of the financial statements and performance information on the public entity's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>

**Annex 2 – Health and safety of audit staff**

The Auditor-General and Audit Service Providers take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Debenture Trust Engagement Letter

Record No: R/24/1/3825

Author: Teresa Morgan, Financial accountant

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To provide an overview of and seek authorisation of Deloitte engagement letter for the limited independent assurance report of Southland District Council's debenture trust deed.
- 2 To seek approval for the mayor to sign the Deloitte engagement letter.

Executive summary

- 3 Deloitte requires Council to confirm the terms of its engagement for the limited independent assurance report of Council's debenture trust deed, by way of an engagement letter.
- 4 The confirmation letter outlines the scope, terms, responsibilities and fees of the engagement for the year ended 30 June 2024.
- 5 This letter is required to be signed by the mayor and a representative of Covenant Trustee Services Limited (as trustee) and returned to Deloitte to confirm Council's acceptance of the engagement terms.
- 6 A full copy of the Deloitte confirmation of engagement letter is attached to this report for your information (attachment A).
- 7 The cost of the audit remains unchanged from last year at \$4,500 (excl GST).

Recommendation

That the Finance and Assurance Committee:

- a) **Receives the report titled “Debenture Trust Engagement Letter” dated 21 March 2024,**
- 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 to accept the terms and responsibilities as set out in the Deloitte Audit Engagement letter (attachment A),**
- e) **Agrees to delegate authority to the mayor to sign the Deloitte confirmation of engagement letter for the limited independent assurance report of the debenture trust deed on Council’s behalf.**

Background

- 8 Deloitte require a separate engagement letter for the limited independent assurance report of Council’s debenture trust deed. The cost of undertaking this work is in addition to the Annual Report audit fee.
- 9 The debenture trust was established in 2009 with assistance from Simpson Grierson in order to give Council a broader range of options for sourcing long term external funding. This is an established market security for lenders and similar trust deeds exist for various other Council’s.
- 10 Under Section 12.2.6 of the debenture trust deed between Council and Covenant (Councils trustee under the debenture trust deed, who act for the benefit of stockholders(those we owe money too)), Council is required to provide an independent auditors report on an annual basis.
- 11 A copy of the engagement letter is included as Attachment A for your information.
- 12 The engagement letter contains the following key sections:
 - **scope of the engagement** – outlines the extent of the work to be undertaken by Deloitte for this engagement
 - **scope of the Council’s, the trustee’s and the Auditors responsibilities**
 - **inherent limitation** – outlines the limitations that may occur
 - **independence and quality control** – outlines the independence, ethical standards and quality control requirements that Deloitte will comply to
 - **timetable** - the work will be completed concurrently with Council’s statutory annual report audit, with sign off occurring soon after the adoption of Council’s Annual Report

- **agreement** - Deloitte require the mayor and a representative from Covenant Trustee Services Limited (as trustee) to sign this letter to confirm their acceptance of the terms and limitations in the engagement letter.

13 We are seeking the committee's approval to delegate to the mayor to sign the Deloitte engagement letter on behalf of the Council.

14 A copy of the engagement letter is included as attachment A of this report.

Issues

15 No issues have been identified, the terms of the engagement are consistent with the engagement letter signed with Deloitte.

Factors to consider

Legal and statutory requirements

16 Under Section 12.2.6 of the of the debenture trust deed between Southland District Council and Covenant Trustee Services Limited, Council are required to provide an auditor's report on the compliance with the debenture trust deed for the year ended 30 June 2024.

Community views

17 This matter has no impact on community views.

Costs and funding

18 The cost of the limited independent assurance report of the debenture trust deed is \$4,500 (GST excl). Council has included into its budget an allowance of this amount to meet the audit fee.

19 There is no change to the cost of the audit compared to last year.

Policy implications

20 There are no policy implications.

Analysis

Options considered

21 There are two options to be considered in this report as outlined below.

Analysis of options

Option 1 – Accepts the terms of the Deloitte confirmation of engagement letter for the limited assurance report in respect of the debenture trust deed and authorises the Mayor to sign (subject to any amendments discussed and agreed at this meeting) the engagement letter as attached.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• allows the limited assurance engagement process to continue.	<ul style="list-style-type: none">• none, unless Council requires clarification and this is not sought before signing

Option 2 – Request clarification or significant amendment of the engagement letter.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council is able to seek the clarification it requires or significantly amend the engagement letter and proposed audit fee	<ul style="list-style-type: none">• would delay the audit process if Council does not accept the Deloitte audit fee proposal

Assessment of significance

- 22 This matter is not considered significant in terms of Council's significance and engagement policy.

Recommended option

- 23 Option 1, Accept the terms of Deloitte's confirmation of engagement letter for the limited independent assurance report in respect of the debenture trust deed and authorises the Mayor to sign the engagement letter.

Next Steps

- 24 Mayor Scott will sign the confirmation of engagement letter on behalf of Council and then it will be forwarded to Covenant Trustee Services Limited for signature. Once signed, the letter will be returned to Deloitte.
- 25 Deloitte will undertake their fieldwork for this engagement as soon as possible after Council have signed the Annual Report.

Attachments

- A Deloitte Engagement letter for the limited independent assurance report of Council's debenture trust deed



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5 February 2024

The Council
Southland District Council
P O Box 903
Invercargill 9840

The Board Members
Covenant Trustee Services Limited
Level 9/161 Queen Street
Auckland CDB, Auckland
1010

Dear Council Members and Covenant Trustee Services Limited Board Members

Confirmation of Engagement – Limited Assurance Report in respect of Southland District Council's Debenture Trust Deed

The purpose of this letter is to confirm our understanding of our mutual responsibilities arising from your request to provide a report under clause 10.2(g) of the Debenture Trust Deed between Covenant Trustee Services Limited (the Trustee) and Southland District Council (the 'Council') dated 12 July 2021 (the 'Trust Deed').

The purpose of this letter is to confirm the terms of our Limited Assurance Engagement and the nature of, and limitations to the services that we will provide. All services are provided subject to the terms and limitations set out in this letter (including any appendices).

Scope of the Engagement

The Auditor-General is the auditor of the Council pursuant to the Public Audit Act 2001. The Auditor-General has appointed me Mike Hawken, using the staff and resources of Deloitte Limited to carry out the audit of the annual financial statements and performance information of the Council.

The objective of the audit of the annual financial statements and performance information, which is the subject of a separate letter of engagement with the Council dated, (attached as Appendix A), is to report our opinion on those annual financial statements and performance information on behalf of the Auditor-General.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more. In New Zealand, Deloitte means Deloitte Limited in its own capacity for assurance services, otherwise as trustee for the Deloitte Trading Trust.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.



As auditors appointed for the audit of the annual financial statements and performance information, we are not responsible for:

- The preparation of the annual financial statements and performance information of the Council;
- Any Reporting Certificate(s) issued to the Trustee by the Council;
- The Council's compliance with the Trust Deed; or
- The obligations of the Trustee, as defined in the Trust Deed and relevant legislation, or the Trustee's execution of those responsibilities in accordance with the Trust Deed and relevant legislation.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Council are not designed to assess whether the Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate(s) the Council issued to the Trustee.

The scope of this Limited Assurance Engagement is to report on certain matters stated in clause 10.2(g) of the Trust Deed based on information obtained as a by-product of the audit of the annual financial statements and performance information of the Council for the year ending 30 June 2024.

For the purpose of providing our Limited Assurance report (Report), (example attached as Appendix B), other than as expressly stated in the section below titled "Scope of Auditor's Responsibilities", we will not perform any further procedures beyond those required to complete the audit of the annual financial statements and performance information of the Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Council's Reporting Certificate for the year ended 30 June 2024 is prepared. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2(g) of the Trust Deed must be viewed in that context.

Scope of the Council's Responsibilities

The Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of the Council and our audit opinion, to the Trustee under clause 10.2(a) of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 10.2(d) of the Trust Deed. The Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 6.1 and 6.9 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Scope of the Trustee's Responsibilities

The Trustee monitors the Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and the Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring the Council.



The receipt of the Report and the audited annual financial statements and performance information of the Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited annual financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors". This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.

Scope of the Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we will perform and the evidence we will obtain. We will conduct our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board's website.

A limited assurance engagement is not an audit and the procedures that will be performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that will be obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

We will report to you on the following specific matters under clause 10.2(g) of the Trust Deed:

- From our perusal of the Reporting Certificate dated 30 June 2024 given on behalf of the Council pursuant to clause 10.2(d) and, as far as matters that we will observe in the performance of our duties as auditors are concerned, whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility, we will agree the total amount of all categories of stock on issue and outstanding in the Reporting Certificate dated 30 June 2024 with Link Market Services Limited and the Local Government Funding Agency.

With reference to the other assertions the Chief Executive will make in the Reporting Certificate our procedures will be limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Whether in performing our duties as auditors, we have:
 - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
 - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.

In meeting this responsibility, our procedures will be limited to talking to management and considering any issues which might come to our attention as a by-product of the audit of the annual financial statements and performance information of the Council.

- As at the end of the financial year, from the audit procedures performed as part of the audit of the annual financial statements and performance information of the Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.



We will not test that each individual Stockholder has received all monies due and payable to them.

- Whether the Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.

The Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 6.1 and 6.9 of the Trust Deed.

We will not audit the Register for the year ended 30 June 2024. Our procedures will be limited to asking the Council for a copy of the audit report about the audit of the Register.

- As at 30 June 2024:
 - the aggregate outstanding Principal Amount of all Notes on issue, expressed in Dollars; and
 - the aggregate indebtedness secured by Security Stock, expressed in Dollars.

In meeting this responsibility, we will agree the total of all categories of Stock with Link Market Services Limited and the Local Government Funding Agency. We will not test that each individual Stockholder has received all monies due and payable to them.

Our Limited Assurance Engagement to provide the Report will be completed in accordance with the scope defined in this letter and any reliance on the Report can only be in the context of the scope as defined. The Report will therefore not be suitable for any other purpose.

Inherent limitations

We will report to you as accountants, not lawyers. Accordingly, we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement will not be performed continuously throughout the period and the procedures performed in respect of the Council's compliance with the Trust Deed will be undertaken on a test basis (that is, we will not check every transaction), our Report cannot be relied on to detect all instances where the Council may not have complied with the requirements of the Trust Deed. Our Conclusion will be formed on the above basis.

Restricted use

Our Report will be addressed to the Council and the Trustee. This Report has been prepared solely for the Council and the Trustee in accordance with the requirements of clauses 10.2(g) of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than the Council and the Trustee or for any purpose other than that for which it was prepared.

Our Report is not to be copied or made available (in whole or in part), or recited or referred to in any document, made available to any other person, without our prior written consent except as may be required by law. In addition, we will take no responsibility for, nor do we report on, any part of the Trust Deed not specifically mentioned in the report.

**Independence and quality control**

We will comply with the Auditor-General's:

- Independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- Quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 issued by the New Zealand Auditing and Assurance Standards Board.

Timetable

Our work will be completed concurrently with the audit of the annual financial statements and performance information. We will complete our Report as soon as possible once the Council has signed the annual financial statements and performance information and provided us with the Reporting Certificate given on behalf of the Council pursuant to clause 10.2(d) of the Trust Deed.

Fees

The fee will be payable by the Council for this Limited Assurance Engagement. The total fee is estimated to be \$4,500.

Agreement

If you have any questions about this letter, please contact me. Please confirm your agreement to the terms and limitations of this engagement letter by signing below and returning a copy to us.

Yours faithfully

A handwritten signature in blue ink, appearing to read "MHL", written over a light blue horizontal line.

Mike Hawken
Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand

**The Council Acceptance**

The Council confirms and accepts the engagement of Deloitte Limited to provide the services on the terms and conditions set out in this engagement letter.

(Signature)

(Name)

(Position)



Trustee Acceptance

Covenant Trustee Services Limited as Trustee for Debenture Trust Deed for Southland District Council confirms and accepts the engagement of Deloitte Limited to provide the services on the terms and conditions set out in this engagement letter.

Covenant Trustee Services Limited has entered into this letter of engagement in its capacity as Trustee of the Council and accordingly its liability shall not be personal and unlimited but shall be limited to the assets of the Council available to it from time to time in that capacity.

(Signature)

(Name)

(Position)



Appendix A: Engagement Letter – audit of the annual financial statements and performance information

**Appendix B: Example Report****Independent Assurance Report****To Southland District Council and to Covenant Trustee Services Limited
in respect of Southland District Council's Debenture Trust Deed for the year ended 30 June 2024**

The Auditor-General is the auditor of Southland District Council (the 'Council') pursuant to the Public Audit Act 2001. The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited to undertake a limited assurance engagement, on his behalf, as required by clause 10.2(g) of the Debenture Trust Deed dated 21 July 2021 (the 'Trust Deed'), for the year ended 30 June 2024.

Council's Responsibilities

The Council is required to provide a copy of the annual report, which includes the audited financial statements and performance information of the Council and our audit opinion, to the Covenant Trustee Services Limited (Trustee) under clause 10.2(a) of the Trust Deed.

The Council is responsible for preparing Reporting Certificates to the Trustee in accordance with clause 10.2(d) of the Trust Deed. The Council is responsible for such internal control as is determined necessary to ensure compliance with the requirements of the Trust Deed and also to enable the preparation of Reporting Certificates that are free from material misstatement, whether due to fraud or error.

The Council is responsible for keeping the Register and ensuring that it is separately audited in accordance with clause 6.1 and 6.9 of the Trust Deed.

The Council is required to comply with the full requirements of the Trust Deed, including the continuing covenants and reporting requirements.

The Council is responsible for interpreting the clauses and definitions in the Trust Deed. We make no representations as to whether these interpretations of the Trust Deed are appropriate.

Trustee's Responsibilities

The Trustee monitors the Council's compliance under the terms of the Trust Deed. The terms of the Trust Deed were agreed by the Trustee and the Council. We are not a signatory to the Trust Deed and we were not consulted about the terms of the Trust Deed. We therefore take no responsibility for the adequacy of the terms of the Trust Deed for monitoring the Council.

The receipt of this limited assurance report (Report) and the audited financial statements and performance information of the Council, and any reliance on the audit opinion contained in our auditor's report attached to those audited financial statements and performance information, does not relieve the Trustee of its responsibilities under the Trust Deed and relevant legislation.

The Financial Markets Authority (FMA) issued a guidance note titled "Monitoring by Securities Trustees and Statutory Supervisors". This guidance note sets out the FMA's expectations about how Trustees will carry out their monitoring functions effectively. Where applicable, it is the Trustee's responsibility to meet the FMA's expectations as set out in the guidance note.



Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the New Zealand Auditing and Assurance Standards Board. A copy of this standard is available on the External Reporting Board's website.

A limited assurance engagement is not an audit and the procedures that have been performed are substantially less than for an audit where reasonable assurance is provided. As a result, the level of assurance that has been obtained is substantially lower than the assurance that would have been obtained had an audit been performed.

The procedures performed when carrying out the audit of the annual financial statements and performance information of the Council are not designed to assess whether the Council has complied with the Trust Deed or to make an evaluation of the Reporting Certificate(s) the Council issued to the Trustee.

The scope of this limited assurance engagement is to report on certain matters stated in clause 10.2(g) of the Trust Deed based on information obtained as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council for the year ended 30 June 2024.

For the purpose of providing our Report, unless expressly stated, we have not performed any further procedures beyond those required to complete our engagement to perform the audit of the annual financial statements and performance information of the Council.

In the performance of our duties as auditors, unless expressly stated, we do not perform any work at the time the Reporting Certificate for the year ended 30 June 2024 is prepared by the Council. Accordingly, our statements contained in the Report in relation to the matters addressed in clause 10.2(g) of the Trust Deed must be viewed in that context.

Our responsibility under clause 10.2(g) of the Trust Deed is to:

- From our perusal of the Reporting Certificate dated 30 June 2024 given on behalf of the Council pursuant to clause 10.2(d) and, as far as matters that we will observe in the performance of our duties as auditors are concerned, report whether anything is brought to our attention to indicate that the statements made in such Reporting Certificate are not materially correct.

In meeting this responsibility, we agreed the total amount of all categories of Stock in the Reporting Certificate dated 30 June 2024 with Linked Market Services Limited and the Local Government Funding Agency.

With reference to the other assertions made by the Chief Executive in the Reporting Certificate our procedures have been limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Report whether, in performing our duties as auditors, we have:
 - become aware of any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee; and
 - disclosed any matter that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders.



In meeting this responsibility, our procedures have been limited to talking to management and considering any issues which might have come to our attention as a by-product of our engagement to perform the audit of the annual financial statements and performance information of the Council.

- Report, as at the end of the financial year, from the audit procedures performed as part of our engagement to perform the audit of the annual financial statements and performance information of the Council, whether anything came to our attention to indicate that, in all material respects, principal money due and payable on the Stock and interest due and payable on the Stock, had not been paid.

We have not tested that each individual Stockholder has received all monies due and payable to them.

- Report whether the Council's agents have maintained the Register in accordance with the requirements of the Trust Deed.

the Council is responsible for maintaining the Register and ensuring it is separately audited in accordance with clause 6.1 and 6.9 of the Trust Deed.

The audit of the Register is a separate engagement in the same way the engagement to perform the audit of the annual financial statements and performance information is a separate engagement. Our procedures were limited to asking the Council for a copy of the audit report about the Register.

- Report as at 30 June 2024:
 - the amount of Stock and how much is Security Stock and Bearer Stock; and
 - the Principal Money owing or secured under the Stock distinguishing between Security Stock and other categories of Stock.

In meeting this responsibility, we have agreed the total of all categories of Stock with Link Market Share Limited and the Local Government Funding Agency. We have not tested that each individual Stockholder has received all monies due and payable to them.

Inherent limitations

We report to you as accountants, not lawyers. Accordingly, we are not aware of all the powers and duties of trustees which may exist in statute, regulation, case law, legal precedent or otherwise.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error, or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period and the procedures performed in respect of the Council's compliance with the Trust Deed are undertaken on a test basis (that is, we do not check every transaction), our Report cannot be relied on to detect all instances where the Council may not have complied with the requirements of the Trust Deed. Our Conclusion has been formed on the above basis.

Restricted use

This Report has been prepared solely for the Council and the Trustee in accordance with the requirements of clauses 10.2(g) of the Trust Deed. We disclaim any assumption of responsibility for any reliance on this report to any persons other than the Council and the Trustee or for any purpose other than that for which it was prepared.



Limited Assurance Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that:

- The statements made by the Council in the Reporting Certificate dated [date] pursuant to clause 10.2(d) are materially incorrect (Reporting Certificate dated [date] is given in appendix one).
- There are any matters which, in our opinion, are relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee;
- There are any matters that, in our opinion, calls for further investigation by the Trustee in the interests of the Stockholders;
- In all material respects, that the Council has not paid all principal money due and payable on the Stock and all interest due and payable on the Stock.

Our limited assurance engagement was completed on [date] and our conclusion is expressed as at that date.

The Register and Stock

The Council has provided us with a copy of the audit report about the Register(s). Please refer to appendix two for a copy of the audit report about the Register(s).

Based on the work described in this Report, as at 30 June 2024 the following balances are given:

○	Total stock of	xxxx
This is comprised of:		
○	Security stock of	xxxx
○	Bearer stock of	xxxx
○	Other stock of	xxxx
○	Security stock (Local Government Funding Agency stock) of	xxxx

Based on the work described in this Report, as at 30 June 2024 the following balances are given:

○	Total Principal Money owing and secured under the stock of	xxxx
This is comprised of:		
○	Security stock of	xxxx
○	Bearer Stock of	xxxx
○	Other stock of	xxxx
○	Security stock (Local Government Funding Agency stock) of	xxxx

The Total Principal Money owing does not include derivative contracts held by the Council that are secured by Security Stock.

The Council is one of a group of guarantors of the Local Government Funding Agency. As at 30 June 2024 the Council had xxxx units of Security Stock on issue associated with the guarantee.



The difference between Security Stock on issue associated with the guarantee and total borrowings of the Local Government Funding Agency at 30 June 2024 is as follows:

xxxx	units of Security Stock on issue associated with the guarantee
xxxx	accrued interest
xxxx	Treasury Stock held by the Local Government Funding Agency
xxxx	Treasury Stock lent to the market via repurchase agreements by the Local Government Funding Agency
xxxx	Total borrowings of the Local Government Funding Agency at 30 June 2024

Independence and quality control

We complied with the Auditor-General’s:

- Independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- Quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this engagement, we performed the annual audit of the Council’s annual financial statements and performance information. Other than these engagements, we have no relationship with or interests in the Council or any of its subsidiaries or the Trustee.

Mike Hawken
Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand



Master Terms of Business

1. This Agreement

- 1.1 This Agreement sets out the terms on which we will provide Services to you. We will treat you as having accepted this Agreement if you continue to instruct us after you receive it.

2. Our Services

- 2.1 We will provide the Services described in the Letter. We will use all reasonable efforts to complete the Services within any agreed time frame but time frames are not legally binding.
- 2.2 Except as expressly agreed in writing before providing a particular Service, the Services do not include:
- (a) financial reporting;
 - (b) advice regarding the financial accounting treatment of any transaction;
 - (c) any opinion on the achievability of prospective financial information;
 - (d) legal advice or legal due diligence services;
 - (e) detection of fraud or misrepresentation (and accordingly we do not accept responsibility for detecting fraud or misrepresentation whether by directors, management, staff or external parties); or
 - (f) the use by you of our address for any business purpose (including as a registered office).
- 2.3 We will use reasonable efforts to ensure that our Representatives named in the Letter provide the Services. However, we may replace or reassign any Representative at any time with a Representative of similar skill.

3. About Deloitte

- 3.1 We are a Deloitte Network Firm. You acknowledge that:
- (a) each Deloitte Network Firm is a separate and independent legal entity;
 - (b) the Services are provided to you by us and not by any other Deloitte Network Firm, (even if we use other Deloitte Network Firms to help us to provide the Services in accordance with clause 3.2 below); and
 - (c) no Deloitte Network Firm is liable for any other Deloitte Network Firm's acts or omissions, except as expressly set out in clause 3.2 below.
- 3.2 Sometimes we may use other Deloitte Network Firms or reputable third party providers to help us to provide the Services and Representatives from those Deloitte Network Firms or third party providers may be in contact with you directly for that purpose. If we use other Deloitte Network Firms or third party providers, we alone will be responsible to you for any work undertaken by them.
- 3.3 To the extent permitted by law, you agree that:
- (a) no other Deloitte Network Firm or any of our Representatives will have any liability to you (whether in contract, tort (including

negligence) or otherwise) under or in connection with this Agreement and/or the Services; and

- (b) you will not bring any claim, demand or proceedings under or in connection with this Agreement and/or the Services against any other Deloitte Network Firm or any of our Representatives.

4. Our Work

- 4.1 Our Work is for your exclusive use and must be used by you only for the Purpose. Unless we give our consent:
- (a) our Work must not be used for any other Purpose or made available to anyone else, except your Professional Advisers;
 - (b) our Work may not be relied on by anyone other than you; and
 - (c) you must not name us or refer to us, our Work or Services in any written materials, other than to your Professional Advisers, in any publicly filed documents, or as required by law.
- 4.2 If you provide a copy of any Work to any of your Professional Advisers, or any other person with our consent, you must ensure that they are aware of and comply with the limits placed on the use and disclosure of our Work (including that they may not rely on the Work) and treat our Work as confidential.
- 4.3 You acknowledge that use of or reliance on our Work by a person other than you may expose us, our Representatives and Deloitte Network Firms to a claim from a person with whom we have no relationship or whose interests we have not considered in providing the Services. You will indemnify us, our Representatives and/or Deloitte Network Firms (collectively, "**Indemnified Parties**") against any Loss the Indemnified Parties suffer or incur as a result of any distribution to, use of and/or reliance on, any Work by a third party, except to the extent such Loss arises from the fraudulent act of an Indemnified Party, or to the extent such indemnity is prohibited by law or statutory duty.
- 4.4 The signed copy of our Report is the definitive version of our advice, subject to any qualifications in that version. You may not rely on any other Work or oral comments or advice. We do not undertake to update any Report after we have issued the final Report to you.
- 4.5 To comply with our professional standards we must retain as our own property our Work, together with copies of all Information provided to us in the course of us performing the Services. In the absence of other statutory or regulatory requirements or instructions from you, it is our normal practice to destroy correspondence and other papers that are more than seven years old.
- 4.6 We take our ethical obligations seriously. We have internal anti-bribery and corruption policies that outline the requirements applicable to our operations under anti-bribery and corruption laws, including but not limited to applicable New

- Zealand laws, the United States Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act 2010.
- 4.7 We also have procedures in place to ensure we comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and applicable trade controls laws. We may have obligations to undertake due diligence on you in order to provide, or continue to provide, Services to you under this Agreement. If you are an entity, this may include information on your ownership and management structure, and ultimate owners. You agree to assist us to comply with these obligations.
5. **Our Fees**
- 5.1 The Fees and the basis on which they are calculated are set out in the Letter. Any estimate of the Fees for the Services will be based upon our assessment of the work involved, taking account of any assumptions set out in the Letter. Unless we have agreed otherwise in the Letter, our Fees may be adjusted if the Services prove more complex or time consuming than expected. We reserve the right to vary the Fees where:
- (a) an Unexpected Event occurs; or
 - (b) there is a change in the scope of the Services we provide to you (including as a result of an Unexpected Event); or
 - (c) you do not accept this Agreement within three months of the date of the Letter.
- 5.2 You agree to pay us:
- (a) the Fees for the Services plus GST (if applicable);
 - (b) any expenses we incur in providing the Services to you, such as travel costs. We will charge these expenses to you at cost and tell you about them beforehand if they are anything other than incidental; and
 - (c) all reasonable costs and expenses (including internal time costs and legal costs) we suffer or incur to provide information to any third party at your request or on your behalf, including following completion of the Services.
- 5.3 You also agree to pay us for all direct costs and expenses (including internal time costs and legal costs) on an indemnity basis we reasonably suffer or incur if we are required to provide Information about you or the Services to comply with (or challenge) any statutory obligation, court order or compulsory process. This includes, without limitation, any Information required to be provided to a regulator or supervisor (such as the Financial Markets Authority, Commerce Commission, Department of Internal Affairs or Reserve Bank of New Zealand) or other government agency (such as the Serious Fraud Office or the New Zealand Police). Your obligation under this clause applies whether or not we are permitted to make you aware of such a requirement to provide information.
- 5.4 Fee estimates are indicative only and are not legally binding.
- 5.5 We will generally invoice you monthly in arrears. You agree to pay any undisputed portions of our invoice within 21 days of the date of the invoice even if there is a dispute between us about that invoice or another invoice. Where amounts remain due and unpaid we may charge you related collection costs (including legal fees) and interest at an annual rate of 8% over the Official Cash Rate of the Reserve Bank of New Zealand ruling on the date payment is due.
- 5.6 We may suspend or terminate our Services or withhold any Information or any Work if you do not pay our invoices on time unless there is a genuine dispute relating to an invoice.
6. **What You Agree To Do**
- 6.1 You are responsible for:
- (a) determining that the Services described in the Letter are adequate for your particular purposes and needs;
 - (b) providing us with all reasonable and necessary assistance so that we can provide the Services to you, such as timely and reasonable access to your premises, facilities, networks, Information and Representatives;
 - (c) designating one or more competent Representatives who possess suitable skill, knowledge, and/or experience to oversee the Services;
 - (d) making timely decisions in connection with the Services;
 - (e) providing us with accurate and complete Information;
 - (f) providing us with all Information that is relevant to the Services, even if the same Information has been given to us previously during another engagement;
 - (g) updating any Information where there has been a material change to that Information;
 - (h) operating and managing all accounting, internal control or management information systems (unless you expressly engage us to do so in writing); and
 - (i) any other responsibilities you agree to, including those set out in the Letter.
- 6.2 You acknowledge that:
- (a) our ability to provide the Services depends on you meeting your responsibilities under this Agreement; and
 - (b) we will rely on your Information, the decisions you make and any approvals you give.
- 6.3 Should you wish any of our Representatives to attend your board meetings and contribute in an advisory role, you agree that doing so does not in any way entail our Representatives acting in the capacity of a director. Your board and management remain solely responsible for all aspects of governance, oversight and all decisions in relation to your business.

7. Our Limitation of Liability

- 7.1 To the extent permitted by law, our aggregate liability to you under or in connection with this Agreement (whether in contract, tort (including negligence) or otherwise) is limited to five times the amount of the Fees paid and payable in respect of the Services. In the case of continuous Services provided by us, "the Fees" means the fees charged by us for the relevant Services in the twelve months preceding the occurrence of the event, act or omission giving rise to the claim.
- 7.2 The limit of liability set out above applies to all Addressees as a group. You agree not to dispute the limit if you are unable to agree on how it will be allocated between you.
- 7.3 We will only be liable to you for the proportion of the legally payable amounts that we have caused. We will not be liable for any Loss to the extent it is caused by an Unexpected Event.
- 7.4 We will not be liable for any Consequential Loss.
- 7.5 If you are not satisfied with our Services, you will provide us with the opportunity to re-perform them or resolve the issues that have arisen before taking any further action.
- 7.6 Any claim against us must be brought within two years of the occurrence of the event, act or omission giving rise to the claim.

8. Conflict Of Interest

- 8.1 We have relationships with many clients. If, after this Agreement starts, we identify circumstances that could cause us to have a conflict of interest, we will evaluate the potential conflict and, depending on the circumstances, apply appropriate safeguards to manage it. However, you acknowledge that we may need to terminate this Agreement if we are unable to resolve or manage a conflict of interest satisfactorily.

9. Termination

- 9.1 Either of us may terminate this Agreement:
- (a) at any time by giving the other written notice; or
 - (b) immediately if the other becomes insolvent or otherwise ceases to carry on business or commits any material breach of this Agreement that is either incapable of being remedied or is not remedied within 14 days of receipt of a notice requiring the breach to be remedied.
- 9.2 If this Agreement is terminated, you agree to pay us the Fees for any work we have done, and any other agreed amounts or expenses we have incurred, up to the date of termination. You also agree to pay us any costs or expenses payable pursuant to clause 5.2(c), whether before or after the date of termination.
- 9.3 Any provision of this Agreement that is expressly or by implication intended to survive termination will survive, including clause 3, *About Deloitte*; clause 4, *Our Work*; clause 5, *Our Fees*; clause 9.2, *Termination*, clause 11, *Confidentiality*;

clause 13, *Intellectual Property*; clause 15, *Dispute Resolution* and clause 16, *General*.

10. Tax Services

- 10.1 Where we provide Tax Advice to you in written form on a confidential basis that written Tax Advice may qualify as a 'tax advice document' that is not required to be disclosed to the Inland Revenue in terms of the Tax Administration Act 1994. We do not place any limitations on your disclosure of such Tax Advice. However if you choose to disclose such Tax Advice your rights to claim non-disclosure may be forfeited.
- 10.2 Under the applicable tax legislation, it is the taxpayer who has the ultimate responsibility for the correctness of the tax returns. For this reason you agree that:
- (a) the responsibility for the accuracy and completeness of the return(s) remains with you. An authorised representative will be required to review and sign the return(s) prior to filing with Inland Revenue;
 - (b) the preparation by us of the return(s) does not result in the expression of an audit or review opinion or provide any other form of assurance on the respective return(s); and
 - (c) no reference will be made by us to further source documentation or invoices to substantiate the Information supplied by you.
- 10.3 The Services are not binding on any government, tax or other regulatory authority or the courts of any jurisdiction. We do not guarantee that any government, tax or other regulatory authority or court will agree with the Tax Advice provided to you in connection with the Services. The Services will be performed taking into account relevant tax legislation in force at the time the Services are provided to you. Any changes in the applicable tax legislation after the Services have been provided to you may affect the validity or correctness of the Tax Advice provided. We are under no responsibility to inform you of any such changes.

11. Confidentiality

- 11.1 Each of us agrees to protect and keep confidential any Confidential Information that is given to us by the other.
- 11.2 We will only use or disclose your Confidential Information to provide the Services to you and we may also disclose your Confidential Information:
- (a) to other Deloitte Network Firms and our Representatives who will only use and disclose it to provide the Services to you;
 - (b) as required by law, DTTL's quality review processes or our professional obligations;
 - (c) to our own professional advisers, service providers and insurers on a confidential basis; or
 - (d) to anyone else, on a confidential basis, where you agree first that we may do so.
- 11.3 You agree that we may aggregate your Information and use and disclose that

Information in de-identified form as part of research and advice, including benchmarking services.

- 11.4 Subject to clauses 4.5, 5.6 and 12.1, we will return your Confidential Information, or destroy it, at any time at your request.

12. Personal Information and Electronic Communication

- 12.1 We will collect, store and disclose any Personal Information provided to us in connection with the Services in accordance with the Privacy Act 2020. This includes any Personal Information provided to us for the purposes of compliance with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 prior to providing the Services to you. Please refer to our [Privacy Policy](#) for details of your rights to access and request correction of any Personal Information that we hold about you.

- 12.2 If you provide us with any Personal Information of a third party, you confirm that you have collected that Personal Information in accordance with the Privacy Act 2020 and the individual concerned has:

- (a) authorised the disclosure to and use of their Personal Information by us in accordance with clause 12.1; and
- (b) has been informed of their right to access and request correction of their Personal Information.

- 12.3 You authorise us to communicate with you and others electronically. If you have any doubts about the authenticity of any communication or document purportedly sent by us, please contact us immediately.

13. Intellectual Property

- 13.1 Unless we agree otherwise, we will retain ownership of the Intellectual Property in our Work and, other than Reports, we have no obligation to provide our Work to you or any other person.
- 13.2 Subject to payment of our Fees and other charges, we give you a royalty-free, perpetual, world-wide licence to use and reproduce any Reports for the Purpose.
- 13.3 You agree we can use your logos and marks on our Work, unless you tell us otherwise.

14. Health and safety

- 14.1 You agree to comply with the HSW Act and all regulations, rules, standards, approved codes of practice and any other applicable law relating to health and safety.
- 14.2 You agree to identify and advise us and our Representatives of all hazards which arise in your workplace and which may present a risk to Representatives while providing the Services. You agree to manage those risks, so far as is reasonably practicable, by either eliminating or mitigating those risks. We may suspend our Services where we consider there is a risk to the health and safety of our Representatives either in your workplace or as a result of continuing to

provide Services. If you cannot eliminate or mitigate such risk after Services are suspended, we shall be entitled to terminate our Services.

- 14.3 You agree to notify WorkSafe New Zealand and us of any notifiable event (as defined in the HSW Act) arising out of the conduct of your business which concerns any Representative.

- 14.4 We agree to consult, co-operate and co-ordinate activities where we share health and safety duties in relation to the same matters.

15. Dispute Resolution

- 15.1 Each of us agrees to use reasonable endeavours to resolve any dispute that arises in connection with this Agreement by mediation before bringing a legal claim or starting legal proceedings against the other. Nothing in this clause 15, *Dispute Resolution*, prevents either of us from taking immediate steps to seek interlocutory, equitable or other urgent relief before a New Zealand court.

16. General

- 16.1 Any changes to this Agreement must be agreed to in writing by both of us.
- 16.2 If there is any conflict between these Terms and any other part of this Agreement, the following order of priority will apply: (i) the Letter; (ii) the Annexure; and (iii) the Terms.
- 16.3 Subject to clause 16.4, neither of us may transfer, subcontract, assign or novate this Agreement without the prior written consent of the other.
- 16.4 We may without your consent transfer, subcontract, assign or novate our rights and/or obligations under this Agreement to any entity in Deloitte New Zealand and we may subcontract to any Deloitte Network Firm in accordance with clause 3.2.
- 16.5 Each of us agrees that, during the term of this Agreement and for a period of six months after it ends, neither of us will directly or indirectly solicit for employment a Representative of the other. However, both of us may advertise or recruit generally in the media.
- 16.6 We are engaged as an independent contractor. Neither of us is an agent or representative of or has the authority to bind the other. This Agreement is not intended to constitute a partnership, agency, employment, joint venture or fiduciary relationship between us.
- 16.7 If any of the terms of this Agreement are not legally enforceable then that term or the relevant part of it will either be amended, where possible, to make it enforceable or ignored, but in all other respects this Agreement will have full effect.
- 16.8 A waiver by one of us of a breach by the other party of any term of this Agreement does not operate as a waiver of another term or a continuing breach by the other of the same or any other term of this Agreement.
- 16.9 Where this Agreement refers to our Representatives or Deloitte Network Firms, it is intended to confer a benefit on each

Representative and Deloitte Network Firm, enforceable by them, in terms of the Contract and Commercial Law Act 2017, Part 2, Subpart 1 and the law of any relevant jurisdiction.

- 16.10 Each of us will, within a reasonable time of being requested by the other, do all things and execute all documents that are reasonably necessary to give full effect to this Agreement.
- 16.11 This Agreement is governed by the laws of New Zealand and each party submits to the exclusive jurisdiction of the courts of New Zealand.

17. Definitions

- 17.1 In this Agreement the following words have the meanings set out below:

Addressee means each person to whom the Letter is addressed.

Agreement means the Letter and the Terms.

Annexure means a schedule or document which is annexed to the Letter and identified as a schedule, annexure or attachment to the Letter.

Confidential Information means any information designated as confidential or which might reasonably be expected, based on its content or circumstances of disclosure, to be confidential, including:

- (a) the terms of this Agreement and the details of the Services and any Work; and
 - (b) trade secrets and information or material which is proprietary to a party,
- but excludes any information that:
- (a) is independently acquired or developed without the benefit or use of the other party's confidential information; and
 - (b) is disclosed with the other party's prior written consent, including in accordance with this Agreement.

Consequential Loss means any:

- (a) loss of profits, revenue, anticipated savings or business opportunity;
- (b) damage to goodwill;
- (c) loss or corruption of data or systems; and
- (d) Loss which is indirect, consequential, special, punitive, exemplary or incidental,

arising under or in connection with this Agreement and/or the provision of the Services.

Deloitte Network Firm means DTTL, and any partnership or entity that is directly or indirectly a member of the DTTL network operating under the name "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu" or other related name, and each of DTTL's and such partnership's or entity's controlled entities, predecessors, successors, assignees, partners, principals, members, owners, directors, employees and agents, including Deloitte New Zealand.

Deloitte New Zealand means the New Zealand partnership that is a Deloitte Network Firm and each of the entities under the New Zealand partnership's ultimate control and any of their respective predecessors, successors or assignees.

Deloitte Service Provider means the Deloitte New Zealand entity entering into the Agreement as identified in the Letter.

DTTL means Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee.

Existing Material means any methodologies, technologies or other proprietary information either in existence at or prior to the date of this Agreement or developed by us independently of the Services.

Fees means the fees for the Services as stated in, or calculated in accordance with, the Letter.

GST means tax imposed by the *Goods and Services Tax Act 1985*.

HSW Act means the *Health and Safety at Work Act 2015*.

Information means any information, documents, materials, facts, instructions or Confidential Information provided to us by you or your Representatives or anyone else at your request.

Intellectual Property means all industrial and intellectual property rights throughout the world, whether or not registered or capable of registration, including copyright, trade marks, designs, programming codes, trade secrets, know-how and circuit layouts in our Work.

Letter means the engagement letter between us to which these Master Terms of Business are attached, including any replacement, amendment or supplementary engagement letter.

Loss means any losses, liabilities, claims, compensation, penalties, fines, damages, costs or expenses (including internal time costs, interest and taxes where applicable), however caused or arising under or in connection with this Agreement and/or the provision of the Services (whether in contract, tort (including negligence) or otherwise).

Personal Information has the meaning given to it in the Privacy Act 2020.

Privacy Policy means our privacy policy available at https://www2.deloitte.com/nz/en/footerlinks1/client-privacy.html?icid=bottom_client-privacy

Professional Advisers means your professional advisers, such as your accountant or solicitor, who are assisting you in relation to the Services, and auditor, but excludes any investor, agent, intermediary, underwriter, syndicate participant, lender or other financial institution or anyone who may provide you with any credit enhancement or credit rating.

Purpose has the meaning given to it in the Letter or our Work, or where both are silent on this, the purpose for which we provide our Work to you.

Report has the meaning given to it in the Letter, or where the Letter does not set out a specific report, means any final form documents, reports or deliverables we provide to you as a result of the Services or this Agreement.

Representative means:

- (a) any officer, employee, consultant, agent, contractor or subcontractor of either of us, who is involved in the Services or other activities to which this Agreement relates; and
- (b) in the case of a Deloitte Service Provider, includes any partner, officer, employee, consultant, agent, contractor or subcontractor of a Deloitte Network Firm or third party who is involved in the Services or other activities to which this Agreement relates in accordance with clause 3.2.

Services means the services described in the Letter and any other services unless we have otherwise agreed in writing.

Tax Advice means any advice, whether written or oral, relating to tax, tax structuring or tax treatment provided by us as a result of the Services.

Terms means these Master Terms of Business.

Unexpected Event means any occurrence, failure or delay under or in connection with this Agreement that is caused or contributed to by an act, omission or event that is beyond our reasonable control, including any:

- (a) act, omission or breach of this Agreement by you;
- (b) failure of, problem with, or unauthorised access to, the technology infrastructure or environment used by us or our service providers including software defects or errors; and
- (c) interference, interception or corruption of an electronic communication.

us means the Deloitte Service Provider or both you and the Deloitte Service Provider, as the context requires.

we and **our** means the Deloitte Service Provider.

Work means any work provided to you and/or created in the course of providing the Services (in any form, whether in final or draft and whether prepared alone or in conjunction with you or any other person), including Existing Material, Reports, e-mails, notes and working papers.

you and **your** means each Addressee and where applicable, each Addressee's Representatives or Professional Advisers. For the purpose of clause 4.3, you and your is restricted to each Addressee.

17.2 In this Agreement, a reference to:

- (a) a party includes its successors and permitted assigns;
- (b) "including" shall be construed as "including, without limitation";
- (c) our consent shall mean our prior written consent (including by e-mail), with any conditions that we may impose, at our absolute discretion;

- (d) agreement between the parties, means express agreement in writing (including by e-mail);
- (e) the singular includes the plural and vice versa;
- (f) the word person includes an entity, a firm, a body corporate, an unincorporated association or an authority;
- (g) a statute includes amendments to that statute and any statute to the extent passed in substitution for that statute; and
- (h) dollars or \$ means New Zealand dollars.

18. Your Feedback

- 18.1 We value your feedback. We aim to obtain a regular assessment of our performance and we will always be pleased to hear any suggestions as to how our service can be improved. If you wish to make a complaint, please contact your usual Deloitte contact or, alternatively, information on our complaint process is available on the contact page of our website, www.deloitte.co.nz

Effective from 16 August 2022

Quarterly update to the Finance and Assurance Committee on progress for the Environmental Services Business Improvement Plan - 17a review.

Record no: R/24/3/9889

Author: Jane Johnston, Customer and business continuous improvement lead

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To receive an update on the Environmental Services Business Improvement Plan and to consider changes to delivery dates and oversight.

Executive summary

- 2 The Environmental Services Business Improvement Plan arose out of the independent 17A review of the three teams within Environmental Services which was conducted earlier in 2023. It is based on the five themes identified in the report - quality systems, consistency and transparency, balancing compliance and customer service, availability of information online, and internal Council communication.
- 3 At the Finance & Assurance Committee (the “Committee”) meeting of 6 December 2023, the Committee received the updated implementation plan and reviewed the status of the actions. The Committee requested that staff prioritise the report in terms of priorities. The action plan attached has therefore been updated to reflect staff assessed priorities with changes made to the delivery dates to be able to achieve the most critical first. At the Committees next meeting all completed actions will be moved to the bottom of the table.
- 4 Details of the governance and delivery structure is also included in this report, changes have been made to the steering group allowing delivery managers to focus on the delivery team actions rather than being on both the delivery and steering groups
- 5 Also included is the methodology for measuring progress of individual actions and overall outcomes and the risk register, which has been updated based on feedback from the Committee at its previous meeting.
- 6 The position of customer and business continuous improvement lead has now been filled by Jane Johnston who reports to the Group Manager Finance and Assurance. Jane will lead this action plan as part of her role going forward. Thanks to Sue Chappell who has assisted Council staff in delivering the outcomes to date.
- 7 Key updates to note are that (based on current due dates), 55% of the actions have been completed, 6% are not yet due and 39% are under action, 12 of which are overdue. Support is being sought from the Committee to the updating of some delivery dates. The changes to the delivery dates reflect the work undertaken to understand what is needed to complete the action, the priority of the task in relation to the other tasks and the balance needed to make these improvements as well as continue to complete day to day operations.

- 8 Processing applications within statutory timeframes is improving but further work is still required. To date, contractor assistance has helped, but this will be reduced over time as training and system improvement is imbedded and time needed to undertake these activities can be refocussed back to ongoing consents received.
- 9 At the meeting we will get an update from three staff members. Adrian Humphries, Group Manager Regulatory Services, who started in January 2024 and has been supporting the teams to improve performance within the group. At the meeting he will provide a verbal update primarily focused on improvements made to date in the planning team. Additionally, Jo Affleck, environmental services coordinator for Health will show an example of online customer information, where the website has been updated with food regulations and advice and Jo Ward, building coordinator team leader will provide an update on some of the improved communications with industry.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Quarterly update to the Finance and Assurance Committee on progress for the Environmental Services Business Improvement Plan - 17a review.”.
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) Endorses the removal of operational managers from the steering group overseeing the delivery of the 17A actions and the addition of the Group Manager Environmental Services to the steering group
- e) Agrees to the following updated action delivery dates to reflect the work needed to be undertaken, the priority of action items and the need to balance improvements with ongoing day to day work

Action No	Action	Current date	Revised date
23	Develop simple guides and fact sheets that explain the process for common activities/questions eg “How do I”	April 2024	June 2024
20b	Clarify responsibility for ensuring all existing website information is current and correct	Ongoing	12/4/24
20c	Continue to test website layout to ensure that information can be found in intuitive locations	Ongoing	12/4/24
19	Develop a targeted communication plan about the new online processes being introduced. Include what information customers are required to provide and where they can find help if they need it	31/10/23	24/4/24
17	Investigate and implement strategies for administrative support for the team to complete administrative tasks and free up technical resources for technical tasks	ASAP	24/4/24
35	Source appropriate customer services training and implement based on identified needs. Eg. To improve balance between compliance and customer service. Pilot & Implement.	Ongoing Pilot by 15/12/23	Pilot by Apr 24 Training complete by Jul 24

27	Implement clear process to capture follow ups to compliance issues. Monitor follow up actions to ensure they are completed. Training programme as required.	31/11/23	29/3/24
15a	Investigate pros and cons of introducing a customer relationship partner/co-ordinator rather than using technical resources. This role could also support internal planners for increased efficiency. Consider other innovative ways of working and whether changing the operating model is warranted	28/2/24	30/06/24
26	Continuing on the path of implementing a quality-based system for building control and health, using a modern approach to quality to improve processes for efficiency and consistency	29/2/24	30/9/24
32	Assess whether field-based devices are fit for purpose. Introduce any improvements.	31/10/23	26/4/24
5	Explore potential for either joint procurement or individual contracts, or joint contracts with other Councils	31/10/23	31/5/24
9	Test the comfort level of regional partners to apply common systems and processes. Continue building cluster group approach.	28/2/24	31/5/24
10	Do a stocktake of regional bylaws to assess level of differentiation	28/2/24	31/5/24
11	Do a stocktake of warranted officers across the region	15/3/24	31/5/24

Background

- 10 Morrison Low (ML), independent Wellington based consultants, were commissioned to review the three teams within Environmental Services (environmental management, building solutions, and environmental health/animal control) in accordance with the requirements of Section 17A of the Local Government Act 2002.
- 11 The review considered the current operating environment, rules and legislation. It also took into account external factors including reforms and potential legislation changes, skills shortages, and geography.
- 12 An enhanced status quo was recommended for each of the three services which incorporated five common themes which presents opportunities for improvement:
 - i. Quality systems - continuing on the path of implementing a full quality-based system, using a modern approach to quality to improve processes for efficiency and consistency.
 - ii. Consistency and transparency
 - ensuring consistency between internal and external application processes and

timeframes

- spot checking of externally processed applications for consistency, but not to the extent the application is processed twice
- establishing strong communication channels with industry so that changes can be signalled and common issues can be addressed, giving industry the time to adjust and improve the overall quality of applications received.

iii. Balancing compliance and customer service

- using a risk-based approach to prioritise outcomes to be achieved or avoided and focus available resources on these outcomes
- ensuring that all staff are trained and aware of the relative risks in the applications they are involved with and that a consistent approach to risk management is used by all staff
- implementing regular customer surveys to seek feedback on their experience of the process, and a key performance indicator (KPI) around customer satisfaction so that reporting reflects customer service as a priority. Note that any KPI should be objective and not related to the decisions made by the teams. For example, average time to respond to request for service (RFS).

iv. Availability of information online

- ensuring all existing website information is current and correct
- testing website layout with actual users to ensure that information can be found in intuitive locations
- examining RFS' for common questions that could be added to the online content
- potential development of simple guides that explain the process for common activities/questions. eg "How do I...".

v. Internal Council communication

- improving processes around handling customer requests that involve multiple parts of Council, with clear communication around what is expected of the customer.

Key updates

- 13 The governance and delivery framework below outlines the themes noted above, the desired outcomes we are striving towards and what has guided the contents of the plan. It shows how the governance structure fits together and the role of each team. Some minor changes have been made to reflect changes in staff and the addition of the newly appointed customer and business continuous improvement lead. The changes are designed to enable us to be more agile at staff and work level. There is improved separation between the steering team who review and approve recommendations and the delivery team who are the working group implementing required changes.

Finance and Assurance Committee

27 March 2024

Environment Services Business Improvement Plan governance delivery 27 February 2024		
OVERALL THEMES	balancing compliance and customer service	quality systems; continuous improvement
	consistency and transparency	internal and external SDC communications
	availability of information online	
DESIRED OUTCOMES	customer satisfaction with services reach 80% within two years	customer satisfaction with how Council transacts its business is positive whilst remaining within legislative boundaries
	council processes are consistent and transparent	accreditation maintained for BCA policies, standard operating procedures and training in place to support – including customer service training
GUIDED BY	Section 17A Environmental Report Morrison Low March 2023 MBIE requirements to maintain accreditation initiatives already underway	
GOVERNANCE STRUCTURE	Finance and Assurance Committee Role monitoring the review process Frequency quarterly	
STEERING TEAM		
PURPOSE	develop an implementation plan monitor delivery of plan and ensure work is integrated across the services develop a risk framework and a methodology for outcome measurement develop and implement a comms strategy prepare reports as required conduct 'Political Scan' e.g. changes to regulations, approaches (proposed)	
MEMBERSHIP	Anne Robson Adrian Humphries Louise Pagan Jane Johnston (chair)	
MEETING FREQUENCY	Monthly	
DELIVERY TEAMS	ENV PLANNING	BUILDING SOLUTIONS ENV HEALTH
PURPOSE	to lead the delivery of the plan to identify cross department initiatives and agree who leads what to provide regular progress and updates to the steering group	
MEMBERSHIP	Jane Johnston Leonie Jo Betty (Chair)	
MEETING FREQUENCY	fortnightly	

- 14 The governance and delivery framework is followed by the updated consolidated action plan(attached), risk register(attached) and the outcome measurement and reporting table.

Consolidated action plan (attachment A)

- 15 At the last Committee Meeting there was a request to provide a priority ordering of the actions in the plan to focus on the most important actions first and get these completed. Staff have completed this and the action plan is now sorted into priority 1, 2 and 3. Priority is determined by the importance to customers and legislative importance.
- 16 For clarity and quick understanding of each action there is now an opportunity heading column. Where an action contains distinct actions within in it, these have been separated out as sub-actions, shown as #a; #b etc. The sub-headings have provided more focus for individual responsibility.
- 17 A summary of activity undertaken has been added to the relevant actions. This is written in blue.
- 18 At the beginning of January 2024, there were 21 actions that had not met the assigned due date. Since then 8 of these have been completed. Staff have reviewed the due dates of the remaining 13 overdue. The initial due dates for each action were an estimate only. As the teams begin each action, they are understanding the work and the timelines that will be required. These recommended changes have been written into the 'due date' column in red bold.
- 19 The risk register below reflects the risks associated with these actions and the mitigations to address these.
- 20 Note that actions completed since the last Committee meeting remain within their relative priority order. Older completed actions are at the end of the action plan table. All completed actions will be moved to the end of the table for the next meeting.

Risk Register (attachment B)

- 21 The risk register has been updated as a result of feedback received from the last Committee meeting. A greater focus on customer outcomes was requested and remains a strong focus.

Outcome Measurement and Reporting Table

- 22 The outcome measurement and reporting table shown below, has been updated

Environmental Services Business Improvement Plan - Outcome Measurement and Reporting – March 2024

	OUTCOME	ASSOCIATED THEME/S	MEASURED BY	FREQUENCY	PROGRESS	COMMENTS
1	Customer satisfaction with services reaches 80% within two years	Balancing compliance and customer service Consistency and transparency Availability of information online	Baseline customer survey Customer survey Internal survey Technical audit Technical spot checks	Sept 2023 Nov 23 then annually Oct 2023 then annually Mar Now June 2024 then quarterly Mar Now June 2024 then quarterly	Improving	After a disappointing Customer Survey result in Dec 23, significant training programmes and contractor support, we are confident that the changes being introduced will have a positive impact. This will show in results such as meeting statutory timeframes. Internal survey results not yet collated. Spot checking of new contractors is in place and an audit is planned for June to provide time for bedding in new approaches. This will be combined with regular audits and as part of the above. Work with appropriate team leads
2	IANZ accreditation is maintained	Quality Systems	MBIE Requirements for accreditation are met	IANZ audit Feb 2025	Stable	All requirements to maintain accreditation are part of an action plan. The actions are on track to meet timeframes.
3	Customer satisfaction with how Council transacts its business is positive	Balancing compliance and customer service Consistency and transparency Availability of information online Internal Council communications	Baseline customer survey Customer survey Internal Surveys Technical audit	Sept 2023 Nov 23 then annually Oct 2023 then annually Mar Now Jun 2024 then quarterly	Stable	Survey company has amalgamated 1 and 3 in their surveys.
4	Council processes are consistent and transparent	Consistency and transparency Quality systems	Review of contractors' outputs to ensure they are consistent with internal practices	Annually from Apr 2024 With ongoing spot checking	Improving	Contractor training has been undertaken and regular spot checking is in place. Where contractors are new, spot checks are completed on all, tapering off over three months.

KEY	
Declining	High Risk or major issues to address – requires action
Stable	Progressing
Improving	On track

Factors to consider

Legal and statutory requirements

- 23 As stated in the background above, a 17a review is a requirement of the Local Government Act 2002. The resulting actions have been supported by Council, ELT and the relevant teams.

Community views

- 24 Customers, consultants, and other territorial authorities both inside and outside Southland were interviewed as part of the 17a report. This included some of the signatories to a letter of complaint received by the Mayor in November 2022.
- 25 The above external customer survey and approach was repeated in November 2023. The results were delivered to the 6 December Finance and Assurance committee meeting. This showed, some small improvements.
- 26 The business teams are confident that the ongoing growth in online information and guides, the increase in industry communication via all channels including face to face, and the increased capacity provided by contractors will support and ensure this outcome

Costs and funding

- 27 We have appointed a permanent customer and business continuous improvement lead who will support Council's journey to improving our systems and processes and making sure it is as easy as possible for our customers to do business with us. The temporary resource finishes with Council on 28 March 2024.
- 28 Costs associated with delivering the plan have been incorporated into the 2024/2025 Annual Plan

Policy implications

- 29 There are no policy implications.

Analysis

- 30 Changes to due dates on thirteen of the actions from the business improvement plan are recommended for approval. These actions are all underway. The risks of not meeting the current due dates are considered the same as for those with recommended extended timeframes.
- 31 As staff have analysed and investigated ideas and opportunities it has become apparent that some of the dates do not reflect the work necessary to complete them or the conflicting time requests for other work due. Overall, staff are working hard both to make improvements and complete normal daily business. The re-addressing of some delivery dates will contribute to meeting both of these demands whilst prioritising.
- 32 The last recommended date for action completion is 30 September 2024.

Analysis of Options

Option 1 – Approve recommended date changes

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Maintain focus and interest of people who have many other important calls on their time.• Showing understanding that investigation has shown that greater levels of work are required to complete some actions	<ul style="list-style-type: none">• Some staff might see this as an agreement to take more time with no consequences

Option 2 – Decline recommended date changes

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Staff may try harder to complete actions• The importance of the actions in the plan to Council and our customers will be more apparent	<ul style="list-style-type: none">• Other important activity will suffer• Staff could become disinterested in completing actions• Staff may feel not listened to or appreciated• Employment of additional help may be seen as an alternative at a cost to ratepayers

Assessment of significance

- 33 In terms of Council's significance policy this is not considered significant. The community would expect that Council will undertake whatever improvements are necessary to ensure positive outcomes. As such, any consultation with communities separately over this issue is not required.

Recommended option

- 34 Option One - Approve recommended date changes.

Next steps

- 35 Continue to undertake the work required.

Attachments

- A FinanceAssurance Mtg - BIP Consolidated Action Plan (17A review) 120324
B FinanceAssurance Mtg BIP17a-Risk Register-Updated 130224

Environmental Services Business Improvement Plan consolidated action list (12/03/24)

Priority	Opportunity Heading	Sub Actions	Action Some actions now split into 'sub actions' to show different activities	UPDATE as at 12/03/24	When by	Method of measurement	Frequency of measurement	Progress indicator (traffic light)			
								EP	BS	EH	LC
Changes to action plan layout 12/03/24: Staff have reviewed the 'When By' dates and provided more accurate timeframes based on priority, capacity and size of the task. These are written in red bold. Actions completed since last F&A Committee meeting, 6 Dec are within priority order. Older actions are at the end of the action list Added 'Opportunity Heading', column 2 for clarity and quick understanding. Where an action contains distinct sub-actions these are shown as #a; #b etc. Sorted into priority order Priority 1 (green) Priority 2 (amber) Priority 3 (grey), based on importance to customer and legislation											
2	Risk Based Approach	2a	Develop appropriate risk-based approach and guidelines that ensures staff apply consistent practices with regard to risk. Customer Survey results have been reviewed – Feb 24 A Technical Audit plan is now in place. COMPLETE	Building Building as an industry has a requirement under the building act to apply a specified approach to risk. The team have a robust competency-based system in place and keep an auditable track of all the work. This is used by Building to assign work based on competency. Topics related to building, including risk are also discussed with the Building Industry Focus Group made up of builders, designers, surveyors etc.). A Technical Audit plan is now in place to conduct audits quarterly to ensure that there are consistent approaches to risk. The first audit will be conducted during the month of June 2024.	20/9/23 Complete 16/2/24 June 24 For audit	Customer survey Technical audit	Annual Quarterly	EP	BS	EH	LC
		2b	COMPLETE Customer Survey results have been reviewed – Feb 24 Plus Technical Audit plan	Planning : - Have implemented a risk matrix based on the competency of staff and complexity/risk of work - (to have confidence of consistency without rework). All templates have been reviewed and standardised to assist staff and contractors in consistent decision-making.				EP	BS	EH	LC
		2c	COMPLETE Customer Survey results have been reviewed – Feb 24 Plus Technical Audit plan	Health : Staff are aware of the layers of risk and apply a graduated approach to the legislation, based on risk, skill and competency. E.g. Issuing licenses for a hairdressing salon would be lower risk than a restaurant.				EP	BS	EH	LC
		2d	A Technical Audit plan is now in place as per 2a. COMPLETE	Legal and Compliance : A risk-based approach has been included as part of the set-up of the new group.				EP	BS	EH	LC

Priority	Opportunity Heading	Sub Actions	Action		When By	Method of Measurement	Frequency of measurement	Progress indicator (traffic light)			
			Some actions now split into 'sub actions' to show different activities	UPDATE as at 12/03/24							
6	Risk Based Approach	6	Review the current practice of requiring that all externally processed applications are checked internally before a building/resource consent is granted. COMPLETE	The current practice of double-checking all externally processed applications has ceased. <u>Planning</u> : Have new external contractor planners on board. Training and support is in place and outputs are being audited ongoing. Focus is on 3 months to complete a full handover to the contractors with training and reviews. <u>Building</u> – The contractors are in place. Contractor staff have been audited to ensure their decision-making capability and process was correct. Training has been provided as required. Delegated authority has been assigned so that contractors can grant consents. From Monday 22 Feb, these contractors began granting their own consents. Building will do spot check audits to ensure accuracy and consistency.	30/11/23 22/2/24	Outcome of review	N/A	EP	BS	EH	LC
4	SDC & Contractor Consistency	4a	Introduce change to ensure consistency between internal and external application processes and timeframes - staff and contractor COMPLETE Audits will be conducted in approximately 3 months-time by quality analyst. The approach and plan for these has been designed and will check the alignment across KPI's, guidelines and training, work outputs and contract details.	When vetting consent requests, teams apply a risk matrix approach to assess the level of risk and assign the right work to the individual or contractor with the right competency – in-house or external consultant. Contractors have delegated authority to grant and consistency will be measured through audits. For Planning there is a 'Registration of Interest' (ROI) out to specialist suppliers to assess whether a panel could provide the economies of scale to support specialised requests.	1/2/24	Customer survey Audit	Annual Quarterly	EP	BS	EH	LC
		4b	Focus on standard conditions and ways of working. Upskilling, training staff & embedding good practices in resource management COMPLETE	Reviewed and standardised all templates to assist staff in consistent decision-making. Processes have been standardised and captured. A new training strategy and plan is in place Training of staff and contractor planners is now complete and will be audited quarterly to ensure standardised approaches. An audit plan has been designed and is in place as per 4a	8/3/24	Customer survey Audit	Annual Quarterly	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Action	Action		When By	Method of Measurement	Frequency of Measurement	Progress indicator (traffic light)			
			Some actions are now split into 'sub actions' to show different activities	UPDATE as at 12/03/24							
3	Customer Service Metrics	3a	Identify meaningful customer service metrics. Step 1 - Seek feedback on customer experience of the process. COMPLETE	Customer Service Metrics identified as processing applications (building, resource planning and health) within statutory timeframes and responding to requests for service on time. This will be supported by the annual customer survey which commenced in December 23. The results of this survey have been reviewed and whilst it's not a new action point it highlighted the need to focus on keeping customers informed of any new or potential delays. Action on this is underway. Survey complete in Nov 23, results in Dec 23. Next survey will be Dec 24 and will include Legal and Compliance	31/9/23 1/3/24 Survey complete - Dec 23 then annual	Customer satisfaction survey Complaints and commendations	Annual Monthly	EP	BS	EH	LC
		3b	Develop internal KPIs that reflect what's important to customers. COMPLETE	KPI's have been agreed and dashboards are in place for key metrics. Legal and Compliance will be able to utilise current KPI dashboards as required. These include applications and percent meeting statutory timeframes and Requests for Service (RFS). We will continue to review and align the KPI's to what is important to our customers via the annual customer satisfaction survey	Mar 24	Annual		EP	BS	EH	LC
18	Engagement with Customers	18	Stocktake of existing SDC industry engagement strategies/plans Incorporate into "one plan" with agreed actions. COMPLETE	The Communications and Engagement strategy is complete. Implementation of the actions in the plan is underway. Existing plans and strategies have been identified and incorporated into one plan. This includes new activities such as regional drop-ins and attendance at Field Days, Home-shows and similar relevant events. The Industry Newsletters as developed by Building Solutions have been expanded to include all of Environmental Services and will also be available online shortly. The strategy and plan has been signed off by ELT. Implementation of the plan is underway as above, with some details yet to be finalised.	30/6/23 24/4/24 Ongoing	Engagement plan signed off by ELT Customer survey	Annually	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Action	Action		When By	Method of Measure-ment	Frequency of Measure-ment	Progress indicator (traffic light)			
			Some actions are now split into 'sub actions' to show different activities	UPDATE as at 12/03/24							
23	Online Information Available Simple Guides & Fact Sheets	23	Develop simple guides and fact sheets that explain the process for common activities/questions eg "How do I...".	<p><u>Building</u> have reviewed and created the majority of their information online. These can now be found via the website search engine. Fact sheets and guides have been developed for use at Field Days and Home Shows. Specialised guides are also developed as the need is identified. E.g. 'Hits' on the website showed a big increase for customers looking for information on Tiny Homes'. A specialised guide was developed and is on the website and will be printed for Homeshows and Field Days</p> <p><u>Health</u> has completed their 'Hairdressing' and 'Food' information. They will have 'Alcohol' and 'Health' complete during March. Online registrations are being designed and will be online along with a review and improvement of templates. Updates will happen in line with the release of bylaw renewals.</p> <p><u>Planning</u> have researched the most required information for the industry by reviewing the last 6mths of RFS data and checking if online content is available. Creating the information has been slow due to the prioritised need to train and upskill new staff and consultants. Currently investigating options for compiling the required information – e.g. other Councils. Comms is ready to support in writing the content.</p> <p><u>Legal and Compliance</u> will create any new information required once the team is in place.</p>	<p>April 24 June 24</p> <p>Ongoing</p>	<p>Simple guides</p> <p>Customer Survey</p>	Annually	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Action	Action		When By	Method of Measure-ment	Frequency of Measure-ment	Progress indicator (traffic light)			
			Some actions are now split into 'sub actions' to show different activities								
20	Online Information Maintained	20a	Ensure links are pointing to the right information on SDC's website. COMPLETE	Digital communications in Council have updated the layout of the website based on research. Additional information is being included in the content to provide answers to customer questions, along with other useful links.	Ongoing	Customer Survey Up to date website	Annually Ongoing Annually	EP	BS	EH	LC
		20b	Clarify responsibility for ensuring all existing website information is current and correct.	Business owners are being assigned to all website information with automated review dates and sign-off required. The business will capture and review RFSs and general customer queries to ensure that content remains current and correct. An ongoing process for this is being designed. Communications are introducing an auditing tool and business analytics to help with ensuring content is current and correct.	Ongoing 12/4/24	Up to date website		EP	BS	EH	LC
		20c	Continue to test website layout to ensure that information can be found in intuitive locations.	Background data on customer searches will provide insights into usage. A plan is in place to continually test the website, owned by Communications. They use multiple 'audit and test' approaches. These include heatmap tests showing customer interaction and analytics data that identifies information usage trends. Testing online services and forms will be conducted using Industry and internal (non-regulatory services) staff. They be provided with scenarios and testing will be via mouse tracking software and observation, identifying new and improved content and observation, identifying new and improved content and improved linkages between content.	Ongoing 12/4/24	Up to date website Test Plan in place Benchmark audit completed		EP	BS	EH	LC
19	Engagement with Customers Communicate New Online Process Information	19	Develop a targeted communication plan about the new online processes being introduced. Include what information customers are required to provide and where they can find help if they need it.	The communication plan includes ways to update customers on new online processes as they become available. A list of 'common and often requested processes' is being created and will be used within the communication plan and for those creating the online information. This will allow teams to check what is required next and make progress on the right topics. Updating customers will primarily be actioned through a newsletter and e-newsletter for the group, to go out regularly to industry. It will include detail about any upcoming change, any approved change in Council's strategic direction and common issues picked up in applications and how they can be remedied. The Council system 'e-Pathway' has been upgraded and is testing new capability that will allow greater levels of information for individual applications to be available to customers as well.	31/10/23 24/4/24	Communication Plan Customer friendly website Reduction in # of RFS & RFI		EP	BS	EH	LC

Priority	Opportunity Heading	Sub Action	Action	When By	Method of Measurement	Frequency of measurement	Progress indicator (traffic light)			
			Some actions are now split into 'sub actions' to show different activities							
			UPDATE as at 12/03/24							
36	Engagement with Customers	36	<p>Increase communication with Industry. To build trust, signal upcoming changes, even if dates and details are not yet announced - eg any changes to assessment processes, NPS implementations and approved changes in Council's strategic direction</p> <p>Industry will have questions on these topics that will also need to be addressed.</p> <p>COMPLETE</p>	<p>30/6/23 29/2/24</p>	Customer satisfaction survey		EP	BS	EH	LC
17	Administrative Support to free up technical resources	17	<p>Investigate and implement strategies for administrative support for the team to complete administrative tasks and free up technical resources for technical tasks.</p>	<p>ASAP 24/4/24</p>	Support in place	N/A	EP	BS	EH	LC
35	Customer Service Training	35	<p>Source appropriate customer services training and implement based on identified needs. E.g. to improve balance between compliance and customer service. Pilot and implement</p>	<p>Ongoing Pilot by 15/12/23 Pilot by Apr 24 Training complete by Jul 24</p>	Customer satisfaction survey	Ongoing	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Action	Action	When By	Method of Measurement	Frequency of Measurement	Progress indicator (traffic light)			
			Some actions are now split into 'sub actions' to show different activities							
			UPDATE as at 12/03/24							
13	Professional Development	13	Develop a professional development programme for graduate planners. COMPLETE	31/8/23 29/2/24	Programme in place	N/A	EP	BS	EH	LC
25	People Wellbeing	25	Instigate monthly in-person catch ups with remote and field-based staff to promote team culture. COMPLETE	Ongoing 7/3/24	Regular catch ups Internal Staff Survey	N/A	EP	BS	EH	LC
22	Process Improvement - RFS system review One # per request	22a	Review whether RFS system is 'fit for purpose' and introduce agreed improvement COMPLETE	21/3/24	One number per request	Annually	EP	BS	EH	LC
		22b	Review and improve how customer requests that involve multiple parts of Council are handled. Updated system will aid the way that this works. COMPLETE	21/3/24	One number per request	Annually	EP	BS	EH	LC
29	Process Improvement -Single form of customer communication requests	29	Do a stocktake of queries emailed directly to planners and phone calls through the call centre including time taken to respond in each category and whether they are entered into the RFS system. Develop and implement a single form of effective communication requests. COMPLETE	30/11/23 15/12/23	Stocktake Customer satisfaction survey	Annually	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Action	Action	Update as at 12/03/24	When By	Method of Measure-ment	Frequency of Measure-ment	Progress indicator (traffic light)			
			Some actions are now split into 'sub actions' to show different activities								
27	Process Improvement -Compliance Issue follow-ups	27	Implement clear process to capture follow ups to compliance issues. Monitor follow up actions to ensure they are completed. Training programme as required.	Compliance issues are captured in the Pathway system showing that a report has been produced and what corrective action is required. This is tracked through to completion and is reported on in team KPI's, ensuring tracking and follow-up. The continuous improvement system approach is now introduced into Planning and Health, the same as for Building. Training and reminders have been completed, ensuring a clear, consistent process around follow up action, understanding and completion. A new process is being documented and implemented in Legal and Compliance as well	31/11/23 29/3/24	Audit	Annually	EP	BS	EH	LC
28	Process Improvement -Outstanding Fees	28	Develop a system to monitor outstanding fees and whether they have been paid. COMPLETE	Each team do their own invoicing. The unpaid fees and debt collection approach is Council wide and managed by Finance. The process includes non-payment where the business team may need to take further action in certain instances e.g. A license renewal fee is not paid, the license is cancelled and a new application is required. All teams are now following the standard process with an increase in the volumes invoiced. Legal and Compliance will use the same processes.	Ongoing 29/2/24	Audit	6 monthly	EP	BS	EH	LC
30	Property Information stored in single location	30	Identify possible improvements to the process and/or IT systems required to ensure all information (including supplementary information) related to a consent is stored in a single location in a single system.	Some information has been automatically imported to SDC's Content Management system, by property address. Further work is required to standardise the naming of documents, identify missing records and transfer legacy system records across. This is a large piece of work. The Information Management team and Building will work together to resolve how to capture all of the legacy information (some of this is old paper records that need to be scanned). An agreed approach and timeline will be developed.	30/6/24	Paper to E LT	N/a	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Action	Action	When By	Method of measurement	Frequency of measurement	Progress indicator (traffic light)			
			Some actions are now split into 'sub actions' to show different activities							
				UPDATE as at 12/03/24						
15	Customer Relationship Partner	15a	Investigate pros and cons of introducing a customer relationship partner/ co-ordinator rather than using technical resources. This role could also support internal planners for increased efficiency. Consider other innovative ways of working and whether changing the operating model is warranted.	28/2/24 30/6/24	Paper to ELT	N/A	EP	BS	EH	LC
		15b	Improve processes around handling customer requests that involve multiple parts of Council, with clear communication around what is expected of the customer.	30/9/24			EP	BS	EH	LC
26	Quality based system	26	Continuing on the path of implementing a quality-based system for building control and health, using a modern approach to quality to improve processes for efficiency and consistency.	29/2 30/9/24 <i>Once new processes have settled</i>	System designed Quality based system in place for Health & Building	Annually	EP	BS	EH	LC
32	Technology to improve efficiency and safety	32	Assess whether field-based devices are fit for purpose. Introduce any improvements.	31/10/23 26/4/24	Paper to ELT if required	N/A	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Action	Action	When By	Method of measurement	Frequency of measurement	Progress indicator (traffic light)			
			Some actions are now split into 'sub actions' to show different activities							
			UPDATE as at 12/03/24							
33	Staff wellbeing Route-Planning	33	Develop a system to ensure route-planning of inspections, particularly in remote locations is efficient. COMPLETE	30/6/24 29/2/24	System in place	N/A	EP	BS	EH	LC
34	Remote Inspections	34	Investigate increased use of remote inspections.	30/9/24	Remote inspections using tech	Ongoing	EP	BS	EH	LC
21	District Plan Readiness	21	Ensure satisfaction with protections and permissions in the District Plan in advance of the first regional plan. Communication, change, education.	Ongoing Date to be provided once plan in place			EP	BS	EH	LC
			The Team Leader Environment Policy is responsible for the Resource Management Act (RMA) policy. He has begun providing updates to the Industry community via the newsletter from Environmental Services. Now that 100-day government plan is complete a project will be developed. As the work proceeds, there will be web-based guidance and regular industry meetings to ensure consistent and transparent implementation of the district plan policy activity.							
5	Contractual Arrangements -Regional Opportunities	5	Explore potential for either joint procurement of individual contracts, or joint contracts with other Councils.	31/10/23 31/5/24	Contract register	N/A	EP	BS	EH	LC
			SDC will seek to have shared contracts with other Councils where either can issue consents on behalf of the other. Waitaki District Council has now signed a contract with SDC. There is a long-term opportunity to share resourcing with other Councils NZ wide. This has been discussed as part of the 'Simpli Group', who are users of the building consent system. Julie Conradi will stay across this. Action is partially complete and the team will continue checking with other Councils.							
9	Regional Partners Common systems & processes	9	Test the comfort level of regional partners to apply common systems and processes. Continue building cluster group approach. <i>See also Action Item #10</i>	28/2/24 31/5/24 Ongoing	ELT sign off	N/A	EP	BS	EH	LC
			There is a Southern Cluster for SEAL-(ICC, Gore, Police, FENZ, MOH) Group. This covers Food and Alcohol. There is also an email group for 'Health Protect'. To date, the ongoing cluster and email groups have been seen as sufficient by these groups, though the opportunity remains							

Priority	Opportunity Heading	Sub Action	Action	UPDATE as at 12/03/24	When By	Method of measurement	Frequency of measurement	Progress indicator (traffic light)			
			Some actions are now split into 'sub actions' to show different activities								
10	Regional Bylaws	10	Do a stocktake of regional bylaws to assess level of differentiation	Approach will be to agree partners to form a small team to assess the level of differentiation. It has been noted that with mobile food premises, there is a need for individuals to have trading licences in four territorial authorities (ICC, GDC, QLDC, SDC)	28/2/24 31/5/24	Stocktake	N/A	EP	BS	EH	LC
11	Regional Partners - Warrant Officers	11	Do a stocktake of warranted officers across the region.	Legislation allows a cross regional approach. Officers would be required to be warranted in those areas. A stocktake is planned but not yet progressed.	28/2/24 15/3/24 31/5/24	Stocktake Regional opportunities	N/A	EP	BS	EH	LC
12			Identify any further opportunities to take a regional approach.		30/6/24	Regional opportunities					
COMPLETED ACTIONS - These are actions completed PRIOR TO 6 DECEMBER 2023. More recent completed actions are above.											
1	Risk Based Approach	1	Schedule a Council workshop to assess Council's tolerance for risk. COMPLETE	A Council workshop was held where the Council's tolerance for risk was captured to feed into the risk-based approach being developed.	31/7/23	N/A	N/A	EP	BS	EH	LC
7	Contractual Arrangements	7	Alter contract conditions accordingly to clearly state SDC is reliant on the contractor's technical review. COMPLETE	A new clause has been incorporated into two new contracts and will be included in all future consent processing contracts	30/6/23 Complete	Contract conditions	Ongoing	EP	BS	EH	LC
8	Contractual Arrangements	8	Alter the approach to procuring consent processing contracts to include a 3-year term, in line with the industry standard in this area. COMPLETE	A new clause has been incorporated into two new contracts and will be included in all future consent processing contracts	31/7/23 15/7/23 Complete	Contract conditions	Ongoing	EP	BS	EH	LC
16	Contractual Arrangements	16a	Identify opportunities to use more external resources for processing consent applications. COMPLETE	Other Councils in the district, and SDC, work together to provide back-up as required. There is a regular meeting between managers from each of the Councils.	31/11/23 15/12/23	Paper to ELT	N/A	EP	BS	EH	LC
		16b	Develop appropriate contracting arrangements as required. Resolve delegation permissions. COMPLETE	Delegation permissions have been updated. The 'authority to grant' has been applied to contract clauses 17-19 of the services schedule	31/7/23			EP	BS	EH	LC

Priority	Opportunity Heading	Sub Action	Action	UPDATED as at 12/03/24	When By	Method of measurement	Frequency of measurement	Progress indicator (traffic light)			
24	After Hours Call Centre	24	Assess effectiveness of Council-wide after hours call centre contract performance. COMPLETE	Investigation has shown an overall excellent performance and are meeting all KPI's. Contract manager is working more intensively with the contractor in the short term.	30/9/23 Ongoing	Paper to ELT Required?	N/A	EP	BS	EH	LC
31	SDC Quality Manual	31	1. Replace the joint Quality Manual with an SDC Quality Manual that simplifies SDC procedures. 2. Reinforce SDC's commitment to building relationships with the regional TAs in other areas. COMPLETE	1. Quality Manual is complete. IANZ assessment and agreement is complete. 2. There are quarterly meetings set up across the regional TA's.	30/9/23	Manual is completed	N/A	EP	BS	EH	LC
14	Process Improvement	14	Identify where there is misalignment of processes for food and alcohol license applications and renewals. COMPLETE	Automated workflow processes are now in place to ensure both are linked.	31/8/23	Alignment	N/A	EP	BS	EH	LC

Key – Progress colour

4th column added in September 23 for Legal & Compliance. This increases the total actions from Nov 2023 & includes some readjustments on what does/does not apply to Legal & Compliance in later months

		July	Aug	Nov	Nov %	Mar 24	Mar %	May 24	May %	Aug 24	Aug %
	Escalate for action	0	0	0	0	0	0				
	Underway	55	33	70	67%	39	39%				
	Not yet due	18	10	15	15%	6	6%				
	Complete	1	8	20	20%	56	55%				
	Doesn't apply to this team	30	27	35		39					

Environmental services business Improvement plan – Risk register – February 2024

	Event	Consequences	Impact	Likelihood	Mitigations	Person Responsible	Post Mitigation Likelihood	Update as at 29 Feb 2024
1	Non-compliance with timeframes specified by RMA/LGA legislation is not seen by customers to improve quickly enough	Council fail next audit and could lose accreditation. Negative impact on customers and Southland economy. Reputational risk to Council Reduced confidence in skills and staff expertise Impact on staff well-being – job satisfaction, retention, mental health			New requests actioned to time & in parallel with backlog Utilise Contractors to provide additional resource Communication on expected timeframes advised to Industry – Delivery Team Meeting Establish and utilise 'Industry Advisory Panels' for Building Solutions and Resource Planning Alerted Health & Wellbeing Officer for Environmental Services regarding staff concerns	Adrian	8	Contractors in use consistently in Planning. All new applications are assigned for action immediately and the backlog is being reviewed and actioned. Significant improvement is expected in March/ April. Building Solutions are using contractors to complete some building consent applications. Delegated authority has been assigned so that contractors can grant consents (with spot checking). The same contracting company is used to complete competency assessments for technical staff. The Building team have had their first 'Focus Group' meeting with several of their industry professionals with another in 2weeks time. Discussion covered timeliness, direct communication and the industry want to learn more about processes so they can better understand the time taken and what is required for processing and inspections
2	Queries from customers are not responded to in a timely manner	Increased contacts Negative impact on customers and Council reputation Reduced confidence in skills and staff expertise Staff turnover			Provide information on the Website to answer the most common customer requests – also available to the Contact Centre Keep customers informed with regular updates.	Sam Marshall	12	Online information is being updated by all departments in liaison with the web team. Future upgrade plan for Customer Services system will provide more opportunity to answer customer queries at first point of contact. This is scheduled for April/May.
3	External communications are not effective and lead to disillusionment in the community	Poor communications have negative impact on reputation of Council Customers lose trust in Council			Design and implement engagement plan Deliver the plan well Establish and seek feedback from Industry Advisory Panel 'Real Time' Informal surveys during customer calls, regional visits and other events on effectiveness Post call phone surveys to be implemented	Louise	12	Communications and Engagement Plan is complete and approved by ELT 'Real Time' feedback will be undertaken by Customer Services The Building team have had their first 'Focus Group' meeting with several of our industry professionals with another in 2weeks time. Discussion covered timeliness, direct communication and the industry want to learn more about processes so they can better understand of time taken and what is required for processing and inspections
4	Staff do not have capacity to support the plan	Deadlines that impact the implementation of change are not met			Prioritise actions by urgency, effort required and capacity. Do priority first & quickly, then move to next.	Adrian	12	Actions prioritised and temporary resource is focusing on this for March. Re-evaluate end of March
5	Lack of capability/specialist resource to support the plan	Deadlines which impact the implementation of change not met			Resource assigned to make improvements in Planning Communication Implementation underway with Industry Online information is increasing quickly	Adrian	12	Specialist resource provided significant improvements in Planning department from a systems and people perspective
6	Consultant support to process applications is insufficient or inadequate to meet demand	Council fail next audit and lose accreditation. Negative impact on customers and Southland economy. Reputational risk to Council Reduced confidence in skills and staff expertise			Forecast likely demand & competency type by team against current staff & competency levels. Identify any gaps. Identify Consultant capacity and any gaps. Plan to mitigate gaps – e.g. Fast track recruitment; Support upskilling of Consultants	Adrian	8	Contractor support is in place and has enabled teams to improve the processing of applications to timeframes. Plan is to be able to process most customer requests to the point that Contractor support is not/ or is seldom required

Record R/23/12/60155; ES-BIP Risk Register - Updated 130224

	Event	Consequences	Impact	Likelihood	Mitigations	Person Responsible	Post Mitigation Likelihood	Update as at 29 Feb 2024
7	Additional spend is required to progress some actions	Budgets are overspent			Savings made through less use of consultants as performance improves	Anne/ Adrian	12	Use of contractors has enabled performance to improve and this will reduce costs through less customer requests for updates. Over time, use of contractors will reduce.
8	Lack of buy-in from staff across council	Some actions are not delivered or delivery is sub-optimal			Strong advocacy of new ELT and regulatory GM. Design internal stakeholder & communications plan Ensure effective cross Council communication	ELT/ Adrian/ Anne	10	New GM's have been involved in monitoring improvements and ensured that all staff understand the importance and their role in supporting the action plan
9	Internal communications are not effective and lead to disillusionment in the staff	Lack of buy in from affected staff leading to unwillingness to change			Ensure effective communication plan which includes regular face to face interaction with team members is in place	Louise/ Adrian	10	Engagement plan in place. New GM to visit teams regularly
10	Unrealistic expectations about how quickly changes can be embedded	Council become disillusioned with the organisation's ability/appetite for change			Set realistic dates for changes to be identified/implemented Ensure staffing levels & skills are adequate	ELT	12	Review actions and relative priorities. Reset plan

Post Mitigation Assessment	June 2023	Sept 2023	Dec 2023	March 2024	June 2024	Sept 2024
Declining	0	0	0	0		
Stable or Improving	7	6	6	10		
On track	0	1	1	0		

		Consequence				
		Negligible 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Likelihood	5 Almost certain	Moderate 5	High 10	Severe 15	Catastrophic 20	Catastrophic 25
	4 Likely	Moderate 4	High 8	High 12	Catastrophic 16	Catastrophic 20
	3 Possible	Low 3	Moderate 6	High 9	High 12	Catastrophic 16
	2 Unlikely	Low 2	Moderate 4	Moderate 6	High 8	High 10
	1 Rare	Low 1	Low 2	Low 3	Moderate 4	Moderate 5

Interim Performance Report - period two - 1 July 2023 to 29 February 2024

Record No: R/24/1/350

Author: Robyn Laidlaw, Corporate performance lead

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of the report is to provide the Finance and Assurance Committee with the Interim Performance Report for period two 1 July 2023 to 29 February 2024 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. The Framework was set up with the Long Term Plan 2021-2031 (LTP) to report on the KPIs that have not met the target for the reporting period.
- 3 The IPR provides a record of the status of Council's key performance indicators (KPIs) every four months. The report will be presented as a cumulative record (unless stated otherwise) throughout the financial year, 1 July 2023 to 30 June 2024
- 4 The final interim performance report results at the end of June 2024 are used in the Annual Report 2023/20224. The Annual Report is audited by Deloitte and will be examined to ensure that the final result is correct and the methodology for monitoring the KPI is recorded and robust.
- 5 The results to date show that 67% (39) have been achieved, 22% (13) are not yet achieved and 10% (6) are yet to be measured.
- 6 While 13 of the 58 KPIs are yet to be achieved and it is important to review them and look to implement measures to help met the targets, it is also important to celebrate the 39 KPI's that have been achieved. This achievement is demonstrating Council commitment to service provision across the activity groups for the district. All activity groups are achieving most or some of their set KPIs with the stormwater group achieving all 9 of their set KPI's.
- 7 As reported for period one, four of the KPIs not achieved were identified as being considered a risk for council. The potential risk could be to, service delivery, accreditation and Councils reputation. The four KPIs identified are reported in the analysis section of this report, with actions to address this, or comments indicating why the KPI hasn't been met.

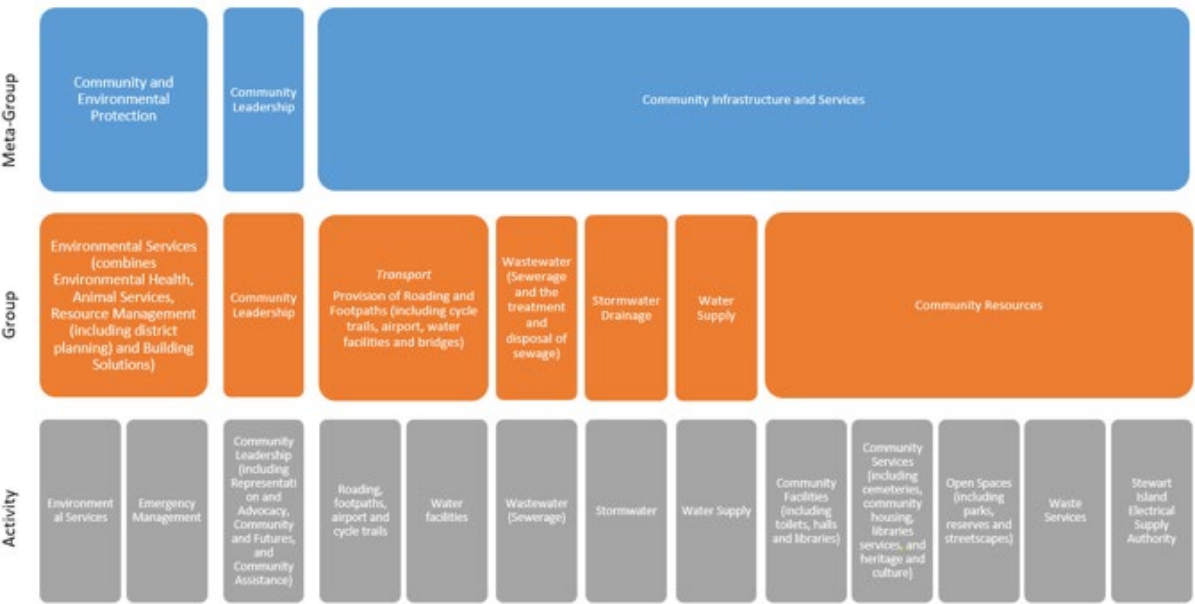
Recommendation

That the Finance and Assurance Committee:

- a) Receives the report titled “Interim Performance Report - period two - 1July 2023 to 29 February 2024” dated 22 March 2024.

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 cumulative results at each reporting period, with the third being produced to inform the Annual Report at year end.
- 10 The intended role of the Interim performance report (IPR) is to provide a touch point throughout the financial year for elected members and staff to monitor progress against targets and milestones set as part of Councils Long Term Plan. 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.
- 11 As part of the LTP 2021-2031 a review was undertaken of the KPIs and changes were made to the council activity groups and their performance measures to refine and simplify these. In the LTP 2018-2028 there were 113 key performance indicators (KPI’s) and in the LTP 2021-2031 there are now 58 which means that it is easier to focus, monitor and improve on performance. (see the diagram below for more detail). In the LTP 2021-2031 the activity groups are:

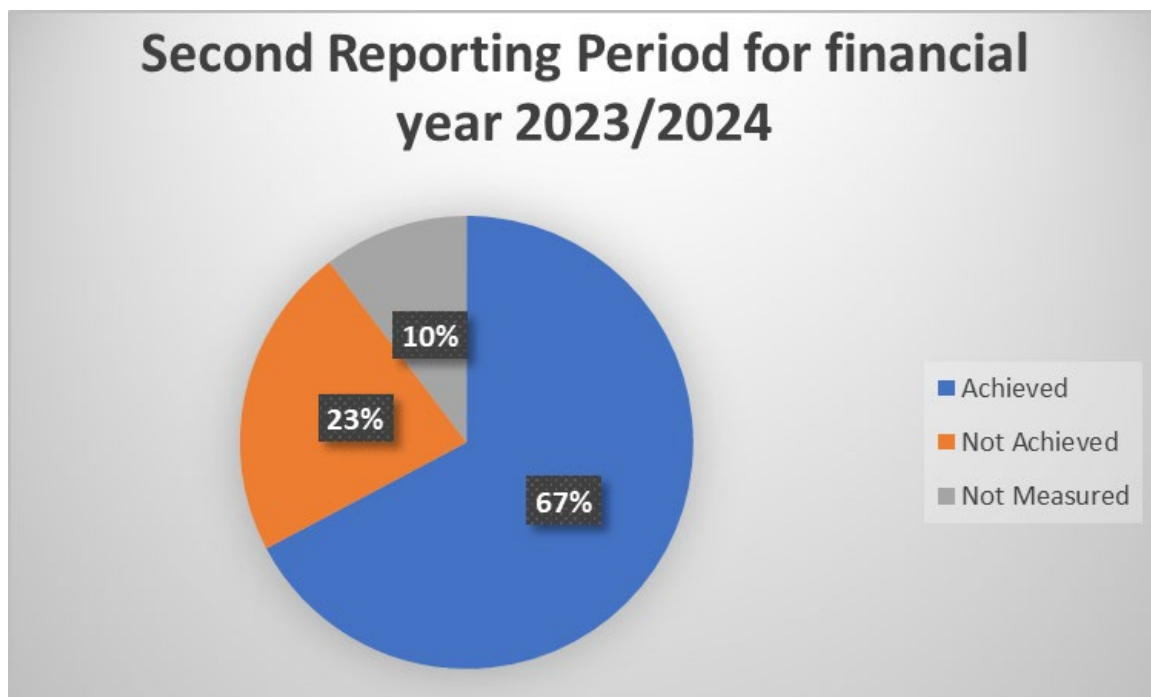


- 12 The report on all the KPI’s, measured, not yet measured and not yet achieved are in **Attachment A.** along with commentary on why.

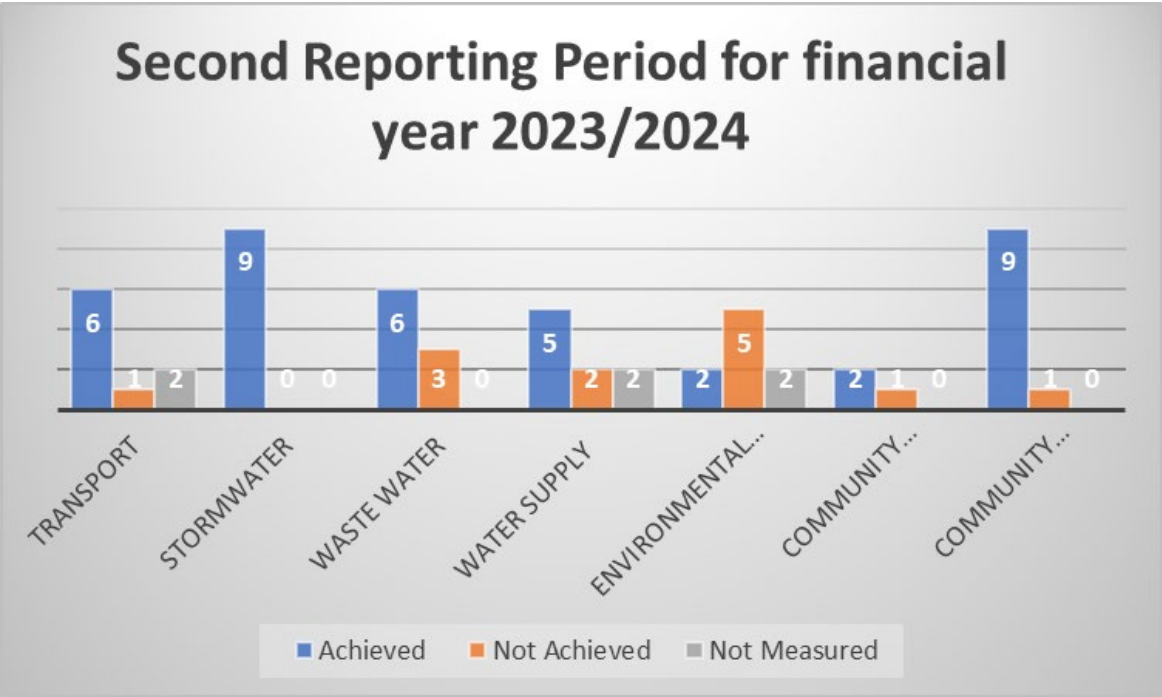
Results and analysis

- 13 SDC has 58 KPI's related to the activity groups that are measured on an annual basis, reported on every four months. Of the 58 KPIs there are 31 Department of Internal Affairs (DIA) required KPIs that are set across New Zealand with specific targets and methodologies for measuring. The DIA measures are identified in **Attachment A** with an * beside the KPI, 5 of the DIA measures are not yet meeting target.
- 14 As indicated at the first reporting period of the 2023-2024 year there were four of the not yet achieved KPIs that were considered to be of risk to Council should these KPIs continue to not meet the set targets. One of those targets is a DIA measure. The risks identified were a lower level of service, accreditation and reputational risk. The four KPIs are discussed as follows.
- 15 **KPI 12.3*: Maintenance of a sealed local road network- The percentage of sealed local road network that is resurfaced.** The target is 6.5% of the sealed road network to be resurfaced annually (at a network average width this equates approximately 130 km). The KPI has been measured, and as forecasted and reported in the first reporting period, this KPI will not be met at year end.
- 16 The result for the second reporting period was 2.9% (approximately 58 km) with the prediction that 4.41 % (approximately 88km) of the sealed road network will be resurfaced by the end of this reporting year. This reduced programme is due to revised contract rates along with bitumen cost adjustments. Which has meant less work being done for the same budget.
- 17 The implications of not meeting the target by approximately 42 Kms by the end of the reporting year means either adding the work to next years programme or a reduction in the level of service of the sealed road network. This may mean additional sections of sealed roads under temporary speed reductions.
- 18 **KPI 9.1: Percentage of non-notified resource consents processed within statutory timeframes.** Staff have been in the process of tidying up the data that was being used for this measure. It became apparent that the data being used for this KPI was not correct. As a result, since Christmas staff have worked hard to undertake data cleansing, and staff training on the capture and processing of the data and reporting. As such, the data reported for period one was not correct at 50.99%, and should have been reported at 21.74%.
- 19 For this reporting period the percentage processed is 11.36%, with each month improving on the previous in terms of new consents coming in. To achieve this, the team have been freed up to work on the data capture and processing changes as all new consents have been outsourced since January with approximately 80% of all new consents being completed within the 20 working days. The historic consents of which there was 104 are still being cleared with 51 still to go. These consents are often on hold as a result of the applicant not advising Council if they wish to proceed or not with their request. These historic consents will continue to impact the % results for the remainder of this reporting year. Additionally, as noted above, staff have completed multiple training sessions to review and embed system processes and improve oversight of consent progress.
- 20 The team have been committed to improving processes and the achievements made over this period reflect this. Further training is planned.

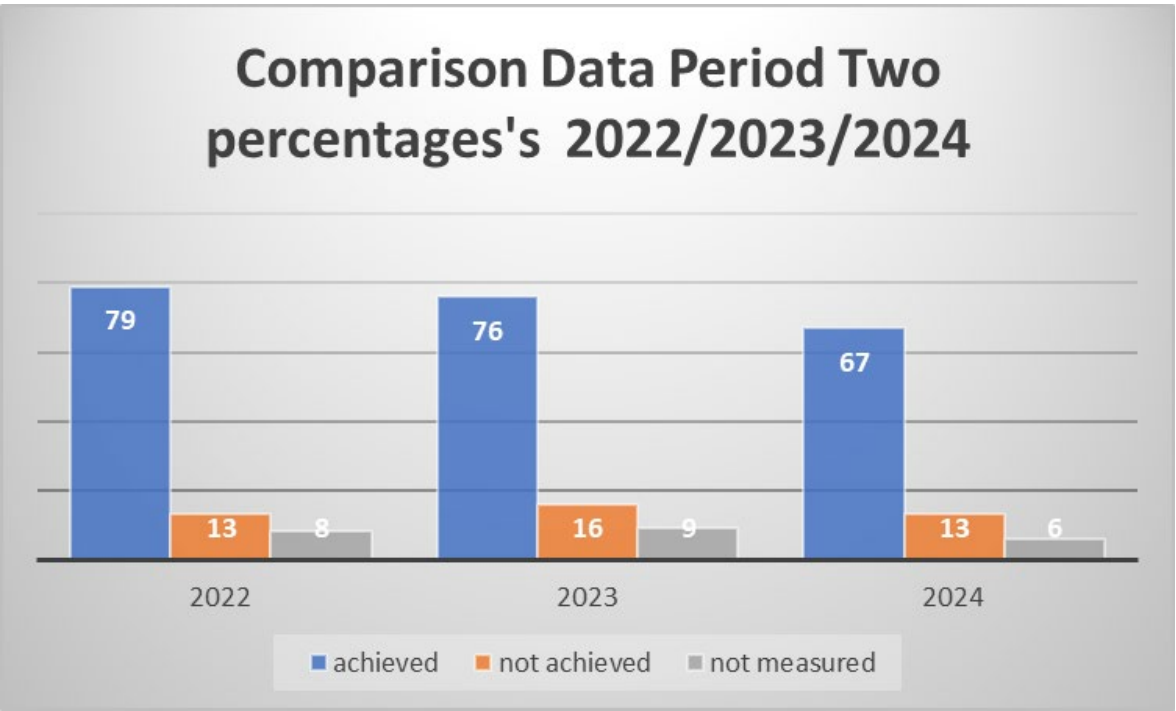
- 21 KPI 9.2: **Percentage of building consent applications process within statutory timeframes**, This KPI is trending upwards as predicted in the first reporting period. Up from 56.7% to 59.6%. the target is 100%. For February 2024 the team achieved 78% compliance to timeframes. The team remain on track to bring compliance to an acceptable level by mid-2024
- 22 KPI 9.3: **Percentage of code of compliance certificate (CCC) applications processed within statutory timeframes**. As with the previous KPI this is trending upwards as predicted at the first reporting period. Up from 66% to 76.8%. the target is 100%. For February the team achieved 97% compliance to timeframes, however they will need a few months at that level to realise a positive change in the overall reported figure.
- 23 The remaining un-met KPI's are identified in **Attachment A**, along with descriptions of why they are yet to be met and if there is a plan in place for support in meeting the target.
- 24 The pie graph below shows the percentages of achieved vs not achieved and not measured for this reporting period. This is followed with a graph showing KPI's per activity area. And the third graph a comparison for period two across 3 years.



Graph 1, % results for period 2, 23/24



Graph 2, results in numbers per activity area period 2, 23/24



Graph 3, comparison of % results for period 2 for the past 3 years

- 25 The comparison data shows the results are down for the second reporting period when checked against the previous 2 years. This is an overall percentage total however, 9.1,2 and 3 and 12.3 are consistent as not having meet the targets across the 3 years. Further analysis of the data could help with a deeper understanding of the reasons for and implications of not meeting those targets.

- 26 KPI's 9.1,2 and 3 are part of an improvement plan with the Environmental Services team. 12.3 while subject to New Zealand Land transport Waka Kotahi funding, Council continues to advocate for an increase in funding and the Transport team are prioritising resurfacing areas where safety is a concern. The cost increases associated with meeting this target while managing within a constrained budget means less service can be provided for the same amount of funding.

Currently not achieved or measured KPI's that could still meet year-end target

The table below shows the not achieved or not measured KPI's that are likely to meet their year-end target provided they are closely monitored by staff.

ACTIVITY GROUP	KPI	UNIT	TARGET	ACTUAL	COMMENT
Community Leadership	KPI 1.2: Percentage of the community partnership fund and district initiatives fund requested meets the budgeted amount	%	100%	98.8	The KPI is only 1.2% off target and likely to meet by the end of the reporting year.
Community Resources	KPI 8.1: The amount of waste (tonnes) diverted from landfill as a percentage of total waste	%	40%	39.7%	The KPI is only 0.3% off target and trending in the right direction. Public education continues to supporting this KPI
Environmental Services	KPI 10.2: Emergency Management Southland, percentage of surveyed households that have an emergency plan (written or Verbal)	%	60%	0	This KPI is measured annually via a resident's survey conducted by Emergency Management Southland. The results will be available for the Annual Report.
Transport	KPI 12.2: Percentage of gravel road tests where road roughness meets acceptable standards	%	85%	0	The survey for this measure is currently underway.
	KPI 12.6: Footpath condition	%	70%	Not measured	This is an annual measure programmed for February 2024, results will be available in for the June report
Sewerage	KPI 14.2a and b: Response to wastewater (sewerage) systems faults – attendance time: from the time of notification to the time when service personnel reach the site.	#	1hr	1.54hr	Two of the four IPS were during the time of the flooding in September, making the 1 hr response time unattainable. This KPI is measured each 4 month period with a cumulative result
Water Supply	KPI 15.3: Drinking water safety	%	100%	0	This KPI is measured annually, results will be available for the June report.

Next steps

- 27 The final performance report will be presented to the Finance and Assurance Committee as part of the Annual Report process.

- 28 Where staff have identified a risk to Council, the relevant Activity and Group Managers are working to ensure Council that improvements are put in place where possible and the KPI is monitored sufficiently.

Attachments

- A Interim Performance report period two 2023-2024 year

Interim Performance Report

Reporting Period Two- 01 November 2023 – 29 February 2024 for reporting year 23/24

Community Leadership

Community Leadership - Level of Service 1: Make decisions in an open, transparent manner and support collaborative partnerships with the community and key agencies/stakeholders in the District and region			
Performance measure	Target	Result	Status
1.1 – Proportion of agenda items held in open meetings	≥ 85%	94%	Green
<i>This KPI demonstrates transparency by showing the number of public-excluded items on an agenda compared with the number of open items on an agenda.</i>			
Of the 395 reports presented to Council, committees and subcommittees of Council and community boards in this reporting period (1 July to 29 February 2024), 370 of the reports (94%) were discussed in the public part of a meeting.			
1.2 – Percentage of the community partnership fund and district initiatives fund requested meets the budgeted amount	≥ 100%	99.8 %	Red
<i>This KPI measures the need for funding assistance in the community. It measures the amount of funding requested compared the amount of funding available. By monitoring this staff are able to measure the need for funding in our communities</i>			
As at the end of February 2024, all boards have now had at least one community partnership funding round and Fiordland a second in January. The number of requests for the community partnership funds has been 121.%. The District initiative Fund has two rounds per a financial year (September and March), with the first-round number of requests received at 37.3% of the total annual allocated budget. Year to date the total annual subscription rate across both funds combined is 99.8%.			
1.3 – Percentage of Community Board meetings and workshops where the community is in attendance to address the Board	≥ 50%	53.3%	Green
<i>This KPI relates to developing supporting collaborative relationships as the community board develops effective relationships with their local and district community, key stakeholders and local, regional and national organisations.</i>			
Community attendance has continued to stay high across the reporting year, with a total of 105 people in attendance from 62 meetings and workshops. This included groups, individuals, and organisations such as; local community members, Hokonui Rununga, DOC, Orepuki Promotions, Swimming Pool Committees, Alud Distillery, Great South, Waitangi Chartist Trust, Te Oruanui Marae, South Coast Environment Society, Colac Bay Progress League, Riverton Business Association, Winton Community Gardens, local Police, museum staff, primary and secondary schools' teachers, principals and/or students, and the West Coast Preservation Group. The higher volume of community members in attendance was anticipated for future meetings from the previous reporting year, based on the community boards desire to have high levels of engagements with their communities.			

Community Resources

Community Facilities - Level of service 2: Council provides facilities and venues for community activities and events			
Performance measure	Target	Result	Status
2.1 – Community facilities requests for service are completed within specified timeframes	≥ 80%	91.5%	Green
<i>This KPI measuring requests for service (RFS) within timeframes demonstrates that the level of service is being met</i>			
There was a total of 107 RFS requests for the reporting period November to February and 98 were completed within the agreed timeframe.			
Community Services - Level of Service 3: Facilities are fit for purpose, to enable healthy grieving and memorialisation for the community			
Performance measure	Target	Result	Status
3.1 – Cemetery interment costs are not funded by rates	\$0	\$0	Green
<i>This KPI checks to ensure compliance with Council policy that burial/ interment costs are self-funding and not requiring the support of a rate.</i>			
Interment income at the end of January 2024 is \$8850 over costs.			
3.2 – To meet family expectations that the burial plots are prepared by the time required	≥ 100%	100%	Green
<i>This KPI measures the timeliness of the service to ensure that family expectations are met</i>			
52 burials year to date with notification of plot preparation all being received on time			
Community Services - Level of Service 4: Facilities are fit for purpose, in the appropriate locations and cater for future needs			
Performance measure	Target	Result	Status
4.1 – Community housing occupancy rate	≥ 80%	94.2%	Green
<i>This KPI measures the occupancy rate. A high occupancy rates shows that housing is being used effectively in accordance with the Community Housing policy.</i>			
A recent promotion has resulted in more applications for flats in the district both priority and non-priority persons. KPI calculations are made with the full housing portfolio of 69 flats, although two flats included in this KPI measurement are affected by long term issues and are untenable for the foreseeable future, leaving 67 flats able to be tenanted at this time. Currently the waiting list is at 66 individuals.			
4.2 – Percentage of people who meet priority criteria	≥ 80%	92.3%	Green
<i>The KPI relates to community housing being fit for purpose. The current community housing policy states that persons that are 60 years of age and older and who are in need of community housing will be considered for vacancies.</i>			
This KPI is stable. There are several tenants over the next three years who will move from the non-priority status to the priority status as their birthdays come around. The current policy says that in order to tenant a non-priority person, the flat must be empty for a period of two months, and there is no local interest in renting the flat. Only then is the flat able to be tenanted to a non-priority person.			
Library Services - Level of Service 5: Each facility will offer access to a space for tamariki, collaborative and quiet spaces for the community to use, customer support functions, library basics (public computers, wi-fi, public catalogue, self-issue machines), disability access and areas for council staff to work			

Performance measure	Target	Result	Status
5.1 – Number of council library facilities that meet all level of service criteria	2	2	Green
<i>This KPI is improvement based with yearly increasing target to ensure that each facility will gradually be able to meet the level of service criteria. There are seven libraries within the district, two of which are considered main hub libraries, the other five are district service offices with some library services.</i>			
For the reporting period of November to February - Winton and Te Anau Libraries both meet our level of service criteria.			
Open Spaces - Level of Service 6: The Council provides safe, well maintained open spaces for the community to enjoy sports and leisure activities			
Performance measure	Target	Result	Status
6.1 – Open spaces requests for services are completed within specified timeframes	≥ 80%	97.4%	Green
<i>This KPI measures the maintenance of the service by monitoring whether requests for service (RFS) are within timeframes.</i>			
There was a total of 159 RFS requests for the reporting period of November to February and 155 were completed within the agreed timeframe.			
SIESA - Level of Service 7: Council provides a reliable, sustainable electricity supply to Stewart Island that meets current and future needs			
Performance measure	Target	Result	Status
7.1 – Number of unplanned point of consumer supply interruptions to Stewart Island electricity supply	≤ 6	2	Green
<i>This KPI measures the reliability of the network. Any unplanned consumer supply interruptions can indicate issues with the network.</i>			
There were 2 outages in the July to October period and there have been no outages for the November to February period.			

Waste Services - Level of Service 8: Provide convenient and reliable rubbish and recycling services that minimise the amount of waste going to landfill			
Performance measure	Target	Result	Status
8.1 – The amount of waste (tonnes) diverted from landfill as a percentage of total waste	≥ 40%	39.7%	Red
<i>The KPI measures waste minimisation. The more waste diverted from landfill and recycled the better.</i>			
Total recycling + green waste/ total waste to landfill x 100 gives the percentage. This result although not meeting target for the reporting period is trending in the right direction. Kerbside standardisation should see improvement by the end of the year			
8.2 – The maximum amount of waste per property disposed of to landfill (kilograms)	≤ 650	579.6	Green
<i>The KPI measures waste minimisation. The least amount of waste going to landfill the better.</i>			
This KPI has trended upwards for this reporting period, this is likely due to an increase in rubbish generated over the Christmas and New Year period.			

Environmental services

Environmental services – Level of Service 9: Enhance the health, safety and wellbeing of the community and environment, through the effective implementation of a range of legislation			
Performance measure	Target	Result	Status
9.1 – Percentage of non-notified resource consents processed within statutory timeframes	≥ 100%	11.36%	Red
<p><i>The KPI measures processing efficiency. The statutory timeframe is twenty working days but there are some circumstances where extensions are granted. If consents are out of timeframe then a discount must be given to the applicant. The Resource Management Act (RMA) requires that non notified resource consents are processed within statutory timeframes which is 20 working days. Council can extend these statutory timeframes under specific circumstances. However, if Council goes over the statutory working days it must provide a discount to the costs of processing the resource consent decisions which is 1% deduction per day it is late up to a maximum of 50%.</i></p> <p>We are in the process of tidying up the data in Pathways, so the previous quarters data cannot be relied upon. This reflects that Planning are still carrying vacancies and staff who are newly qualified. Moving forward we have implemented a continuous improvement and training programme which should translate in an improvement of these figures over the next quarter to 6 months at this time. At the beginning of 2024 all new consents were contracted out. The new contracts are meeting consent timeframes 80% of the time. The historic consents of which there was 104 still have 51 to be processed, these historic consents will continue to impact the numbers for the remainder of this reporting year</p>			
9.2 – Percentage of building consent applications processed within statutory timeframes	≥ 100%	59.6%	Red
<p><i>The KPI measures processing efficiency. The statutory timeframe is twenty working days.</i></p> <p>February saw the team achieve 78% compliance to timeframes. Changes including contractors making the decision to grant and newer staff attaining competencies has created sufficient capacity for the team to start clearing backlogs of work while having very few consents received since January 2024 having exceeding the 20-day clock. The team remains on track to bring compliance to an acceptable level by mid-2024.</p>			
9.3 – Percentage of code compliance certificate (CCC) applications processed within statutory timeframes	≥ 100%	76.8%	Red
<p><i>The KPI measures processing efficiency. The statutory timeframe is twenty working days including a final inspection visit. (A code of compliance is a formal statement issued under section 95 of the Building Act 2004, that building work carried out under a building consent complies with that building consent).</i></p> <p>February saw the team achieve 97% compliance to timeframes. With reporting being presented as a cumulative total for the reporting year the team will need a few more months for these much-improved compliance figures to realise a positive change in the reported figure.</p>			
9.4 – Number of serious injuries to the public from dog attacks	0	0	Green
<p><i>This KPI measures the number of dog attacks to protect the public from harm. It excludes incidents within the home environment</i></p> <p>There have been no injuries to the public from dog attacks in this period.</p>			

9.5 – Percentage of non-working dogs subject to the responsible owner category	≥ 86%	90.6%	Green
<i>This KPI aims to encourage owners to be a responsible dog owner by providing discounts to registration fees and monitoring of the number of non-working dogs.</i>			
Compliance for responsible dog ownership has remained over 90% which is an improvement on last year which had dropped to 89.8% by the same month.			
9.6 – Number of incidents of foodborne illness believed to be caused by food sold at a Council-verified business	0	1	Red
<i>This KPI monitors the effectiveness of processes to reduce any harm to public health through foodborne illness at businesses.</i>			
There was one notified incident of foodborne illness believed to be caused by food sold at a Council verified business.			
9.7 – On site Building Warrant of Fitness audits completed in the community.	≥ 20%	2.6%	Red
<i>This KPI monitors public safety by completing regular audits. A building warrant of fitness (BWOF) is a building owner's annual statement confirming the specified systems in the compliance schedule for their building have been maintained and checked for the previous 12 months, in accordance with the compliance schedule. It is displayed to show people who are using the building know that all the systems are functional and working without any risk to their health and safety.</i>			
The team have commenced BWOF audits again in March 2024 after a summer period which focuses on pool compliance. The team are on track to complete the remaining 17.4% of audits (44 per month) in the final quarter of the year.			
Emergency Management – Level of service 10: Build community resilience to emergency events			
Performance measure	Target	Result	Status
10.1 – Number of Southland communities covered by a Community Response Plans that have been reviewed with that community in the last 3 years	≥ 8	0	Not Measured
<i>This KPI measures the resilience, readiness and preparation of communities to response to any events.</i>			
Due to the staffing levels at Environment Southland and the current state of emergency this KPI has not been measured. Staff will update as soon as more information is available.			
10.2 – Percentage of surveyed households that have an emergency plan (written or verbal)	≥ 60%	%	Not measured
<i>This KPI measures the resilience, readiness and preparation of communities to response to any event.?</i>			
This is a yearly measure.			

Stormwater

Stormwater - Level of Service 11: Provide a reliable stormwater system that protects public health and the environment			
Performance measure	Target	Result	Status

11.1a* – System adequacy - Overflows resulting from the stormwater system that result in the flooding of a habitable floor - The number of flooding events that occur within the district	≤ 5	0	Green
<i>11.1 a and b - These KPI's are designed to measure system adequacy - how effective a stormwater system is in providing an appropriate level of protection and how well it is being managed. A stormwater system means the pipes and infrastructure (excluding roads) that collect and manage rainwater run-off from the point of connection to the point of discharge. A habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages. A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.</i>			
There were no flooding events that resulted in flooding of habitable floors in the reporting year to date June 2023 to February 2024			
11.1b* – System adequacy - Overflows resulting from the stormwater system that result in the flooding of a habitable floor - For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the council stormwater system)	≤ 1	0	Green
There were no flooding events that resulted in flooding of habitable floors in the reporting year to date June 2023 to February 2024 so 0 properties per 1,000 storm water network connections were flooded.			
11.2a* – Discharge compliance - Compliance with the resource consents for discharge from the stormwater system, measured by the number of: abatement notices	0	0	Green
<i>11.2 a to d – These KPI's measures discharge compliance in order to monitor the extent that resource requirements are being met to prevent harm to the environment. (the environmental impacts of its stormwater system). Non-compliance with consent conditions may indicate that SDC is not managing its processes adequately or that the infrastructure is no longer adequate.</i>			
No Abatement notices issued this 4-month period.			
11.2b* – Discharge compliance - Compliance with the resource consents for discharge from the stormwater system, measured by the number of: infringement notices	0	0	Green
No Infringement notices issued this 4 Month period.			
11.2c* – Discharge compliance - Compliance with the resource consents for discharge from the stormwater system, measured by the number of: enforcement orders	0	0	Green
No Infringement notices issued this 4 Month period.			
11.2d* – Discharge compliance - Compliance with the resource consents for discharge from the stormwater system, measured by the number of: successful prosecutions, received in relation to those resource consents	0	0	Green
No Infringement notices issued this 4 Month period.			
11.3* – Response to stormwater issues - The 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.	≤ 2 hours	0 hours	Green
<i>This KPI measures the response to stormwater issues. It is designed to measure responses to situations where water from a stormwater system gets into buildings.</i>			

Not applicable as there were no flooding of habitable floor			
11.4* – Customer satisfaction - The number of complaints received about the performance of the Council's stormwater system, expressed per 1000 properties connected to the stormwater system	≤ 15	0.11	Green
<i>This KPI measures customer service to determine the quality and responsiveness of the service. It provides information on issues with a stormwater system and on how satisfied customers are with the way in which a territorial authority responds to requests to fix problems.</i>			
Of the 17 RFS coded as THUSW (Transport Hazard Urban Storm Water) in the Year To Date, investigation has indicated that a significant number are just road maintenance problems and that there were only up to 1 call that was received may have been genuine storm water network infrastructure related Requests For Service. An RFS system review led by Customer Services is due to be undertaken in the near future which should improve RFS coding and reporting in the future.			
11.5 – Percentage of monitoring results that show compliance with resource consent conditions	≥ 100%	100%	Green
<i>This KPI monitors resource consent conditions are being met. This is important to prevent environmental harm and is a legislative requirement of being issued with the consent?</i>			
All samples to date compliant with conditions			

* DIA mandatory performance measure

Transport

Transport – Provision of roading and footpaths (including cycle trails, airport, water facilities and bridges) – Level of Service 12: Our transport network provides for safe, comfortable and efficient travel			
Performance measure	Target	Result	Status
12.1* – Condition of the sealed road network - The average quality of ride on a sealed local road network measured by smooth travel exposure	≥ 97%	0%	Not measured
<i>This KPI monitors the condition of the sealed road network because this can impact on both the safety and comfort of road users as well as on vehicle operating and maintenance costs. It is a check of on whether the level of service to road users is being maintained. (measured bi-annually)</i>			
This KPI is measured bi-annually. It was last measured 2022/23 and is due to be measured again in 2024/2025.			
12.2 – Percentage of gravel road tests where road roughness meets acceptable standards	≥ 85%	91.3 %	Green
<i>This KPI measures how well maintained the unsealed road network is.</i>			
The 2023/24 survey was carried out between the 20th November to 1st December. The result was 91.3% Good or Satisfactory which is a great result and consistent with previous years			

Transport – Provision of roading and footpaths (including cycle trails, airport, water facilities and bridges) – Level of Service 12: Our transport network provides for safe, comfortable and efficient travel			
12.3* – Maintenance of a sealed local road network - The percentage of sealed local road network that is resurfaced	≥ 6.5%	2.90%	Red
<i>This KPI measures how well maintained the sealed road network is compared to the renewal target set in the Asset Management plan.</i>			
As at end of February 2.90% of the network has been sealed for the year. Forecasting is showing that we are likely to reach 4.41% by the end of the sealing season. This is below target due to revised contract rates and bitumen cost adjustments has resulted in a smaller delivery for the same budget.			
12.4* – Response to service requests - The percentage of customer service requests relating to roads and footpaths to which the Council responds within the required timeframes	≥ 90%	96.42%	Green
<i>This KPI measures responsiveness to requests from the public.</i>			
96.42% of requests have been responded to within the required timeframes year to date.			
12.5* – Road Safety - The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	18	8	Green
<i>This KPI focuses on road safety and is intended to provide information for members of the public on trends in road safety in their area. Improvements for this KPI include road safety education and initiatives relating to reducing the contributing factors of crashes such as alcohol, fatigue and speed.</i>			
Year to date there has been eight fatal or serious injury crashes recorded in the CAS database in the Southland District			
12.6* – Footpath condition - The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (e.g. annual plan, activity management plan, asset management plan, or long term plan)	≥ 70%	0%	Not Measured
<i>This KPI measures the condition of the footpath to ensure that they are well maintained for pedestrian's convenience and safety. (measured Annually)</i>			
This KPI is measured on an annual basis and programmed for February 2024			
12.7 – Around the Mountains cycle trail has “Great ride” status	≥ 1	1	Green
<i>This KPI monitors any steps taken to continue to maintain the great ride status. The Great Rides of the New Zealand Cycle Trail network are predominantly off-road trails. They showcase the best of New Zealand's landscapes, environment, culture and heritage. The trails are located around the country from Northland to Southland</i>			
The Around the Mountains cycle trail has maintained its Great ride status.			
12.8 – The Civil Aviation Authority (CAA) compliance requirements for Part 139 certification is maintained	≥ 1	1	Green
<i>This KPI monitors any steps taken to continue to maintain the certification. A part 139 certification is a requirement for an aerodrome operators' certificate. The certification is important because it allows an aerodrome serving an aeroplane having a certificated seating capacity of more than 30 passengers that is engaged in regular (more than 4 flights per month) air transport operations for the carriage of passengers:</i>			
The airport has maintained Part 139 certification			

Transport – Provision of roading and footpaths (including cycle trails, airport, water facilities and bridges) – Level of Service 12: Our transport network provides for safe, comfortable and efficient travel			
Water facilities – Level of Service 13: Council provides safe and well-maintained water facilities to enable public enjoyment and access to the district's rivers, lakes and sea			
Performance measure	Target	Result	Status
13.1 – Water facilities requests for services are completed within specified timeframes	≥ 80%	100%	Green
<i>This KPI measuring requests for service (RFS) within timeframes demonstrates that the level of service is being met</i>			
There were a total of 5 RFS requests for the period and 5 were completed within the agreed timeframe.			

* DIA mandatory performance measure

Sewerage

Wastewater (sewerage) – Level of service 14: Provide reliable wastewater (sewerage) collection and treatment services that protects public health and the environment			
Performance measure	Target	Result	Status
14.1* – System and adequacy - The number of dry weather wastewater (sewerage) overflows from the territorial authority's wastewater (sewerage) system, expressed per 1000 wastewater (sewerage) connections to that wastewater (sewerage) system.	≤ 1	0	Green
<i>This KPI measures the effectiveness of the system in providing the appropriate level of service and how well it is being managed to minimise harm to the community. Dry Weather'' is defined as a period of 24 hours prior to an event of no catchment rainfall. An overflow means sewage that escapes a territorial authority's sewerage system and enters the environment. It includes blockages and chokes.</i>			
14.1 – System and adequacy - The number of dry weather wastewater (sewerage) overflows from the territorial authority's wastewater (sewerage) system, expressed per 1000 wastewater (sewerage) connections to that wastewater (sewerage) system			
14.2a* – Response to wastewater (sewerage) system faults - Attendance time: from the time of notification to the time when service personnel reach the site	≤ 1 hours	1.54 hours	Red
<i>14.2 a and b - These KPI's measures the responsiveness to issues. Measuring the response time is a way of gauging whether Council is listening to its customers and providing solutions.</i>			
<p>There are four total service requests for the reporting period.</p> <p>The median response time of notification for the reporting period is 1.54 or equivalent to 1 hour and 32 minutes, which exceeded the expected attendance response time) of 1 hour.</p> <p>Two of four IPS requests are due to extreme rain/flooding from 20 September to 21 September 2023.</p>			
14.2b* – Response to wastewater (sewerage) system faults - Resolution time: from the time of notification to the time that service personnel confirm resolution of the blockage or other fault	≤ 6 hours	7.04 hours	Red
<p>There are four total service requests for the reporting period.</p> <p>The median resolution time of notification for the reporting period is 7.04 or equivalent to 7 hours and 2 minutes, which exceeded the expected attendance (resolution time) of 6 hours.</p> <p>Two of four IPS requests are due to extreme rain/flooding from 20 September to 21 September 2023.</p>			
14.3* – Customer satisfaction - The total number of wastewater-sewerage system complaints about odour, system faults, system blockages or the way Council respond to these issues	≤ 8	3.83	Green
<i>This KPI measures the customer service satisfaction. It measures how satisfied customers are with the way in which Council responds to requests to fix problems.</i>			
<p>There are 37 total service requests for the reporting period:</p> <p>July - 4 service requests</p> <p>August - 6 service requests</p>			

September - 4 service request October - 1 service request November - 4 service requests December - 4 service requests January - 7 service requests February - 7 service requests The calculation for the total number of sewerage system complaints is $(37/9,658)*1000=3.8310$ Therefore, there is 3.83 total number of sewerage system complaints for the reporting period.			
14.4a* – Discharge compliance - Compliance with resource consents for wastewater (sewerage) discharges, measured by the total number of: Abatement notices	0	0	Green
<i>14.4 a to d – These KPI's measures discharge compliance in order to monitor the extent that resource requirements are being met to prevent harm to the environment. (the environmental impacts of the system). Non-compliance with consent conditions may indicate that Council is not managing its processes adequately or that the infrastructure is inadequate.</i>			
No Abatement Notices issued			
14.4b* – Discharge compliance - Compliance with resource consents for wastewater (sewerage) discharges, measured by the total number of: infringement notices	0	0	Green
No Infringement Notices issued			
14.4c* – Discharge compliance - Compliance with resource consents for wastewater (sewerage) discharges, measured by the total number of: enforcement orders	0	0	Green
No Enforcement Notices issued			
14.4d* – Discharge compliance - Compliance with resource consents for wastewater (sewerage) discharges, measured by the total number of: convictions received in relation to the resource consents	0	0	Green
No convictions this term			
14.5 – Percentage of monitoring results that show compliance with resource consent conditions	≥ 100%	96%	Red
<i>This KPI monitors resource consent conditions are being met. This is important to prevent environmental harm and is a legislative requirement of being issued with the consent?</i>			
There were 6 non-compliant results from November 2023 to February 2024. Curio Bay for CBOD5 (this result is in doubt due to possible Laboratory error), Monowai for all 3 analytes (this sample is taken from the discharge, not the receiving environment), Nightcaps for Dissolved Oxygen, Oban for Dissolved Inorganic Nitrogen.			

* DIA mandatory measure

Water supply

Water supply - Level of Service 15: Our water supply network provides safe, reliable and adequate supply of water			
Performance measure	Target	Result	Status
15.1a* – Fault response times - attendance for urgent call outs: the time from Council receiving the notification to service personnel reaching the site	≤ 1 hours	0.25 hrs	Green
<i>15.1a to 15.1d - These KPI's measures the responsiveness to issues. Measuring the response time is a way of gauging whether Council is listening to its customers and providing solutions.</i>			
The response is within the KPI target of 1 hour.			
15.1b* – Fault response times - resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	≤ 6 hours	5.57 hrs	Green
The response is within the KPI target of 6 hours			
15.1c* – Fault response times - attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site	≤ 4 hours	0.96 hrs	Green
The response is within the KPI target of 4 hours.			
15.1d* – Fault response times - resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	≤ 24 hours	22.02 hrs	Green
The response is within the KPI target of 24 hours			
15.2* – Customer satisfaction - The total number of complaints about drinking water clarity, taste, odour, pressure or flow, continuity of supply or the way Council respond to these issues, expressed per 1000 connections	≤ 10	4.47	Green
<i>This KPI measures the customer service satisfaction. It measures how satisfied customers are with the way in which Council responds to requests to fix problems.</i>			
36 total service requests for the reporting period: July - 3 service requests August - 2 service requests (2 calls related to one IPS request - 207233) September - 3 service request (2 calls related to one IPS request - 207319) October - 2 service requests November - 5 service requests December - 4 service requests January- 5 service requests (2 calls related to one IPS request - 207630) February - 10 service requests(2 calls related to one IPS request - 207721) 21 calls are related to (no) water supply; 12 are pressure-related, and three are aesthetic-related.			

The calculation for the total number of water system complaints is $(36/8,057)*1000=4.4682$ Therefore, 4.47 per 1000 connections total drinking water complaints for the reporting period.			
15.3a* – Drinking water safety - The extent to which the Council drinking water supplies complies with: drinking water standards (bacteria compliance criteria)	≥ 100%	0%	Not Measured
<i>15.3.a and b - The KPI aims to inform ratepayers and consumers on whether the water supplied to them is safe to drink. This is an annual measure and it is measured in June 2023</i>			
Annual measure			
15.3b* – Drinking water safety - The extent to which the Council drinking water supplies complies with: drinking water standards (protozoal compliance criteria)	≥ 100%	0%	Not Measured
Annual measure			
15.4* – Maintenance of the reticulated network - The percentage of water lost from the Council's networked reticulation system	≤ 25%	29.8%	Red
<i>The KPI measures the maintenance of the reticulated network. It provides information on the state and operation of Council's water reticulation network infrastructure. High levels may indicate the network is on poor condition or is being operated inefficiently. The water loss calculation is the weighted averaged percentage loss reduction per urban drinking water supply. Currently there is a lack of district wide metering with only 4% metered. The water schemes associated with this KPI have is 464.9 kilometres of main with 96% of connections not metered.</i>			
Percentage loss is as strictly required by DIA. Water loss associated with the 9 Urban Schemes is 16.44% when Lumsden Balfour and Eastern Bush Otahu Flat rural schemes are excluded.			
15.5* – Demand management - The average consumption of drinking water per day, per resident within the territorial authority district	≤ 850L	870L	Red
<i>The KPI measures demand management. It provides information on whether the water supply system is being managed to ensure demand does not outstrip capacity. The calculation is based on the total treated water network water supplied from all plants and sources in litres per year and the normal population serviced. The small population within the district can skew the results.</i>			
The result is not in accordance with DIA as Lumsden Balfour and EBOF cannot be considered Drinking Water Schemes. DIA compliant to this metric would be 1,044 l/p/d. A full analysis is available for this complex KPI if required.			

* DIA mandatory performance measure

Health and safety update

Record no: R/24/3/23450
Author: David McCone, Organisational health and safety manager
Approved by: Fran Mikulicic, Group manager infrastructure and capital delivery

☐ Decision ☐ Recommendation ☒ Information

Purpose

- 1 To provide an update on health and safety related events and activity over the last quarter.

Content

Health, safety and wellbeing dashboard update

- 2 Please find attached the health, safety and wellbeing dashboard update for the period 1 November 2023 –29 February 2024. This report is on operational (employee) health and safety within Council focused on critical risk and associated controls. Incidents have been colour coded to reflect potential exposures through our scope of operation. Risk mitigation via critical controls (as determined by our critical risk roadmap) are also reported.
- 3 Appendix A relates to a Critical Risk Roadmap developed by combining aspects of the [Risk Management maturity Model \(RM3\)](#) and the eight questions from [Good practice guide for Public Service Chief Executives & Officers](#). (Source: New Zealand Government Health & Safety Lead).
- 4 Appendix B relates to wellbeing, reporting provided by people and culture.
- 5 Lagging indicators are those that look at past performance in safety, these are traditional safety metrics that look at compliance. All employee injuries that result in medical treatment are supported by Council rehabilitation and return to work procedure. All reported events are investigated, with the extent on the investigation relative to the risk and injuries occurred.
- 6 Health and safety training undertaken over the last quarter includes health and safety e-learning, employee health and safety 2022 refresher training, first aid training, health and safety inductions, and first aid refreshers. Those employees yet to complete their 2022 health and safety refresher training have been followed up and support will be provided if required to assist them with this training completion.
- 7 Contractor health and safety monitoring is continuing to improve; however, this is not yet embedded across all departments. This has been demonstrated by the request for specific training for work types within our critical risk profiles (eg working at height, overhead services, working near or over water). We have also seen focus group meetings with contractor representatives during the implementation of contracts to ensure expectations clear and shared.
- 8 Review of policies and information is ongoing to support our employee health, safety and wellbeing. Alongside our policy reviews and updates, education opportunities are provided. The organisational Health, Safety and Wellbeing Policy is being reviewed by the leadership team. Site specific safety plans have been developed for all Council offices and libraries to ensure key health and safety information is easy to find and to share with new employees and contractors undertaking work on site.

- 9 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>

Recommendation

That the Finance and Assurance Committee:

- a) **Receives the report titled “Health and safety update” dated 18 March 2024 and attached appendices.**

Attachments

- A Critical Risk Roadmap
- B Wellbeing
- C Health and safety dashboard - March 2024

Critical Risk Roadmap 2024

Defining:

1. Critical risks have been defined and identified as:



2. How will critical risk assessment and management be improved?

- The 10 critical risks have been assessed using the bow tie methodology.
- Critical controls for prevention and mitigation have been identified.
- Critical risk management will be communicated using this visual aid.

3. What resources are required for the critical risk assessment and improvement programme?

- Safety culture toolkit = Safe plus.
- Staffing levels that allow workers to feel they can influence their own work plan and be involved in additional work.

Focusing:

4. Are workers engaged to promote understanding of the risk and get feedback on control development?

- Share critical risks and controls to workers at all levels (including contractors, health and safety Reps and volunteers) to ensure knowledge sense.
- Recognise the impact of our interfaces, shared risks and involve business partners.

5. Have you got a process to prioritise the key (critical) controls which need to be actively monitored and developed?

- Base on the reality of the way work is done.
- Apply a residual risk score that allows 'ranking' of critical risk.
- Consider critical control for each bow tie and implement the most effective first.

6. Do you have a change management process and ability to create implementation plans for new/changed controls?

- Monthly review of a single critical risk by executive leadership team based on residual risk ranking.
- Quarterly review by HSR's from work groups encountering the critical risk.
- Build critical risk assessment into project planning – and reflect the level of risk in our planned safety observations and audits.
- Share our position to contractors for comment.

Embedding:

7. Do you have a process to assign ownership for critical controls to specific roles/parts of your organisation?

- Establish ownership with employees internally and contractors externally to ensure we consider who is best placed to manage specific risks or work areas.
- Mutual performance objectives are set with individuals that are fair, clear and achievable (KPI's).

8. Do you have critical control assurance activities to confirm implementation and effectiveness of critical controls?

- Control measures will be standardised by use of our risk assessment procedure.
- We will maintain an external view to recognise effective risk controls from other organisations.
- We will survey workers at all levels regarding their understanding of the purpose of risk assessment, their involvement in the process and the value they place in health and safety.

9. Are you reporting on your critical risk programme and reporting on critical control assurance activities?

- We will report on critical controls implemented and planned for each critical risk on a quarterly basis to ensure a focus on continuous improvement.
- We will report on the number of individuals in our organisation that are achieving their KPI's.

The framework above has been developed as a tool to identify where we should focus our efforts next in order to improve risk maturity. It has been developed by combining aspects of the [Risk Management maturity Model \(RM3\)](#) and the 8 questions from [Good practice guide for Public Service Chief Executives & Officers](#). (Source: New Zealand Government Health & Safety Lead)



Wellbeing

Benestar wellbeing programme

During the quarter Benestar became part of the global TELUS Health family. TELUS and their subsidiary companies provide health and wellbeing systems to both organisations and communities globally. Their goal is a commitment to building the healthiest communities and workplaces on the planet. They currently have a staff of 10,000 across multiple countries. Benestar believe that this merger will allow them to still deliver the same Kiwi service but with the additional benefit of the global technological support, research and information of the broader TELUS Health brand.

Benestar/TELUS provide an online wellbeing platform (which includes an employee assistance programme) and is accessible to staff via mobile app or web browser. The platform brings together the mental, physical and financial wellbeing pillars and provides the ability for staff to receive the support they need when, where, and how they prefer.

One part of this platform is the employee assistance programme which gives staff access to confidential 24/7 specialist support for mental health care and all other areas of their personal and professional life, including legal and financial assistance, child and elder care, career services, nutrition services, and more. Staff have access to a large and diverse network of professional clinicians who can provide appointments virtually, by phone, and in person. Generally, staff access this themselves, however managers who are concerned can also request a wellbeing call be made.

As discussed at the last meeting, all clinician consultations are confidential to the individual. Council receives data on the prime presenting reason as outlined below. It should be noted that this is captured at the time of requesting the support from the employee. It is normal for there to be multiple factors in needing the support and sometimes this can change during the course of the consultation. However due to the confidentiality this is not updated.

	JAN-MAR 2023	APR-JUNE 2023	JULY-SEPT 2023	OCT-DEC 2023	2023 TOTAL	JAN AND MARCH 2024
Work stress	1	2	2		5	1
Depression/anxiety/emotional issues		2			2	
Grief and loss	1		1		2	
Stress in personal life	1		1		2	
Caring for family member				1	1	
Communication problems				1	1	
Life changes			1		1	
Personal relationships in personal life				1	1	2
Workplace change/restructuring				1	1	
Workplace relationships/conflict		1			1	
Workplace role ambiguity	1				1	

Wellbeing
22/03/2024

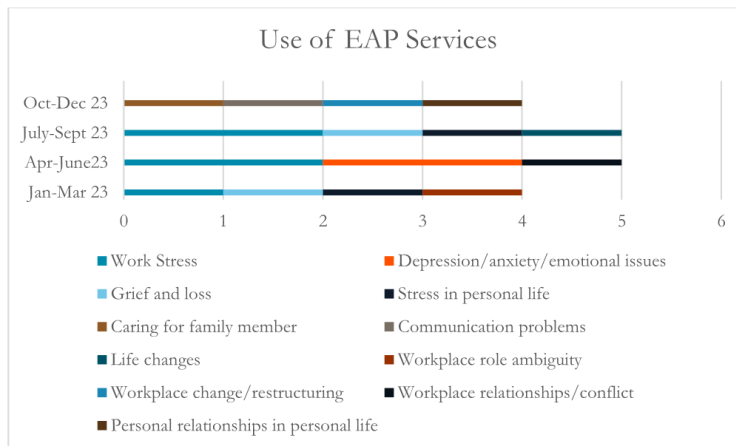
Southland District Council
Te Rohe Pōtae o Murihiku

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	JAN-MAR 2023	APR-JUNE 2023	JULY-SEPT 2023	OCT-DEC 2023	2023 TOTAL	JAN AND MARCH 2024
Total cases completed	4	5	5	4	18	Period still open
Total consultation hours	9	13	13	7	42	Period still open



Additionally, the platform also provides staff with access to an online library of wellbeing content and clinically verified resources including (articles, toolkits, podcasts, infographics, ebooks etc) – all of which can be customised to the individual's interests. Monthly webinars on a variety of topics are held and staff can either attend at the specified time (which allows them to ask questions of the presenter) or they can access a recording of the webinar at a time convenient to them. Staff also receive a monthly newsletter with topical articles and links to resources.

As an example of the type of topics covered the following Benestar webinars were held this quarter:

November	Mindful eating	Learn about mindful eating and understand why calories are not the whole story. gain valuable insights into your eating style and develop strategies to manage those urges and cravings with ease.
December	School holidays: Juggling work and family	Provides working parents and carers with resources to navigate the many challenges of managing work and family during the school holidays and take time out to reset and recharge.
January	Renew and reset for the new year	The new year is a great opportunity to check in and review your health, habits and lifestyle. Set your goals for 2024.
February	Taking control of your health: The physical and mental connection	Understanding how our mental and physical health are intricately connected and the effects.



Benestar were not able to provide numbers of staff attending each session due to the different methods of access. We are engaging with TELUS as to how this information might be achieved on the new platform.

As part of the merger and roll out of the new platform, staff will also have access to a number of new functions and features. The people and culture team are currently receiving training on these and working with our information management team to set up for staff. Over the next quarter the focus will be engaging with managers and staff to ensure that they have a good understanding of the additional benefits and functionality on offer.

Additional training undertaken this quarter

In December as part of the all of staff forum Lauren Parsons (wellbeing professional), gave a presentation on boosting resilience during uncertainty and a reminder of the live well principals of wellbeing. This was well received with over half the attendees providing positive feedback and learnings from the presentation.

Health and safety dashboard – 1 November 2023 – 29 February 2024

Lag indicators					
Injuries reported					
Event ID	Severity	Detail of injury	Mechanism of harm	Lost time days	Treatment
8517	Minor	Cut to ear	Staff member tripped on mat and fell. (Stewart Island offices)	0	First aid. High potential risk. Mats on SDC sites reviewed as to suitability.
8533	Minor	Abrasion - knee	Member of public tripped on mat. (Riverton library)	0	Nil but potential for more severe injury. In combination with 8517 seen as trend.

Other events		
Event ID	Description	Follow up
8495	Staff member with mobility issue reports lift maintenance occurring without notification restricting their access/egress.	Discussed with facilities team – when maintenance is planned/known building occupiers will be advised the day prior.
8587	Dealing with difficult person – initially appeared angry and as situation evolved apparent they were upset and talking of suicide.	Staff were empathetic in dealing with persons enquiry – which related to a delayed resource consent application. During this person shared loss of family pet, other financial pressures. Items within SDC control resolved, contact to external support agencies offered and matter reported in real time via P&C.
	Bluecliffs – weather events threatening unapproved waste site. Site possibly contains asbestos and explosives.	
8797	Raised trailer at roadworks struck overhead services.	Work
8798	Motor vehicle(s) leaving road and entering Edendale wastewater site.	
	Motor vehicle leaving the road – Rimu roadworks.	

* Appendix A = Critical risk roadmap

* Appendix B = Wellbeing

Total number LTI's 2022-2023	1	Total LTI's YTD	0	Total lost days - Quarter	61*
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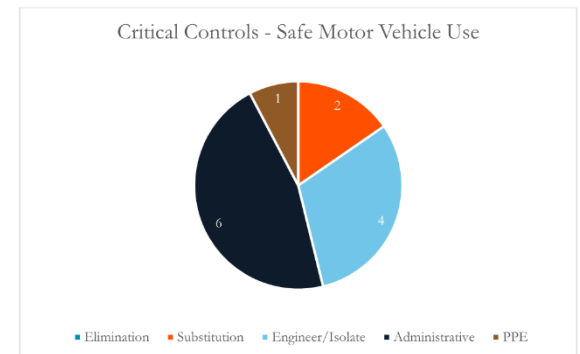
*Total lost days relate to an ongoing incapacity from an event in September 2022.

Taking ownership (Lead indicators)		
Near miss		
Event ID	Description	Follow up
8334	Car failed to give way at intersection. Weir Road. Hire vehicle and driver using cell phone.	Reported – and noted to critical risk reporting.
8499	Staff member encountered two vehicles overtaking dangerously.	Staff member pulled over to clear lane. Reported – and noted to critical risk reporting.
8586	Fortrose main intersection. Staff encountered camper crossing centre line due to cornering speed at give way.	Reported – and noted to critical risk reporting.
8618	Contractor setting up at park site for excavation – partial collapse of old septic tank under excavator.	Not previously aware of old tank. Immediate – fenced off. Subsequent work - tank collapsed and filled in with hardfill.
8895	Contractor clearing a waste screen has to step out over and away from the ponds edge.	SDC progressing with Contractor re-engineering solution to isolate from fall into water.

Pain and discomfort:	
Events	Resolved
2	2

Verification							
Safety Observations (Quarter)	68	Safety Observations (YTD)	116	Audits (Quarter)	75	Audits (YTD)	126
Safe practice			56				
Unsafe conditions			4				
Unsafe practice			4				
Suggestions			4				

Managing risk	
Exposure to critical risk(s)	Number of incidents
Motor vehicle use	5
Aggressive/difficult customer (personal harm)	1
Environmental biological	1
Overhead and underground services	1
Working near water	1
Working alone	0
Fall from heights	0
Psychosocial harm	0
Plant equipment and machinery	0
Working on (or) near the road	0



Recommended additional actions/controls in response to this critical risk:

- Adopt NZTA 'driver check' system to ensure current drivers licence to demonstrate competence.
- Adopt the Fleetcoach system so we can demonstrate training our drivers and competency around risk perception.
- Develop a vehicle specific induction so safety features understood and used.
- Educate our drivers regarding common driving distractions.
- Address fatigue within our vehicle use policy – so it reflects a practical and effective solution.
- Review how we utilise ERoads monitoring to encourage better driving.
- Review KPI's for our drivers so good driving recognised/regarded.

Risk management - March 2024 quarterly update

Record no: R/23/9/41841

Author: Jane Edwards, Intermediate policy analyst

Approved by: Anne Robson, Chief financial officer

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of this report is to:
 - a) provide the March 2024 Quarterly Risk Management report for consideration by the Finance and Assurance Committee (the committee)
 - b) advise the committee of the risk management work programme for 2024-2027 agreed by the Executive Leadership Team (ELT).

Executive summary

- 2 A risk management framework (RMF) was adopted by Council in February 2019. This framework supports risk thinking across Council so that risk can be understood, planned for and mitigated across all levels and activities.
- 3 As part of the RMF process, Council's priority strategic risks were identified and endorsed in June 2023 and these form the basis of the committee's quarterly risk report including the risk register.
- 4 The ELT jointly owns the current 11 priority risks for Council and is responsible for maintaining oversight of Council's risks, controls and treatments.
- 5 The ELT has reviewed the status of the top priority risks for the March 2024 quarter and the risks are presented as attachment A with their assessment, any current and proposed mitigations, and their residual risk assessment.
- 6 This report also identifies the areas that will be incorporated into a three year programme for developing Council's risk maturity, noting the anticipated timeline for refreshing relevant risk documentation, developing systematic processes and supporting organisational knowledge building.
- 7 The risk management work programme is included for information as Attachment B.
- 8 The matrices used to assess the risks are included for information as Attachment C.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Risk management - March 2024 quarterly update”.**
- b) notes the risk management work programme 2024-2027.**

Background

- 9 The quarterly risk management report has been developed in line with Council’s RMF, which was adopted by Council in February 2019. This framework supports risk management knowledge across the 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 priority strategic and corporate risks were identified and endorsed in June 2023 and these form the basis of the quarterly risk report including the risk register.
- 11 The 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 All priority risks are considered of equal importance to Council and are outlined in a single layered risk register. This allows for adjustment throughout the reporting year with resource allocated where appropriate across the top risks. Governance will continue to have a clear indication of management’s risk priorities by the utilisation of the risk thresholds and status to indicate where focus and resource could be directed each quarter.
- 13 The consequences, likelihoods and thresholds for each risk have been assessed after a review of the risk register and they reflect the highest assessed aspect of each risk for this current quarter.
- 14 The status of each risk is a summary of the mitigations that are currently in place for each risk and indicate whether the mitigations are assessed as causing the threshold to rise, lower or remain stable.

Overview of Council’s priority strategic risks

- 15 The risk register update for the March 2024 quarter is included in attachment A.
- 16 The risk register has 11 priority risks of which two are ‘very high’, five ‘high’, and four ‘medium’ rated post mitigation.
- 17 Eight risks are assessed as having a pre-mitigation risk threshold of very high. The residual threshold for two of these is assessed as remaining static at very high, five reducing to high, and one reducing to medium, as a result of the mitigations currently in place.
- 18 Three risks are assessed as having a pre-mitigation threshold of high. The residual threshold for all three risks is assessed as reducing to medium as a result of the mitigations currently in place.

Issues

- 19 This section of the report is used to provide a summary of each risk for information purposes and to highlight any significant activity over the last quarter.

Change and reform

- 20 This risk continues to be assessed as increasing this quarter.
- 21 The change in government has signalled that people want a change in direction. There is still uncertainty regarding what this will look like for Council and timeframes around both repealing existing legislation and developing and enacting alternatives provide the local government sector little direction. It remains important that momentum is not stalled in the areas that Council is able to progress. The new government's 100 day programme of work has provided some certainty around initial legislative changes which will require Council to pivot.
- 22 Council had previously chosen to proceed on the assumption that the three waters activity would leave Council in 2025 and continue to advance the Long Term Plan (LTP). It was acknowledged that there was risk that if significant change was proposed, the LTP would already be well advanced in its development making it difficult to make change within existing timeframes. The Water Service Acts Repeal Bill has now returned the responsibility for water services delivery to local authorities and councils have been told to add the costs of water infrastructure back into their long term plans (LTP).
- 23 To allow for this change, new provisions from central government gave Council the option to utilise either a short term extension, or a 12 month deferral to the LTP process. Each option carried with it both risk and opportunity. Council has indicated its intent to go with a short term extension. This extension provides Council the opportunity to gather further required information to inform the LTP, and to effectively communicate it to the public. However, there remains risk to consider in waiting - the longer Council waits to sign off the LTP, the greater the potential for further changes from central government. It may be necessary to approve the plan on the basis that it will be required to be amended on an ongoing basis as the new government's legislative direction unfolds and settles.
- 24 A representation review process is currently underway which could result in changes to the structure of Council in the future however it is anticipated that the appetite for change in this area is low. The review includes looking at the number of wards, ward boundaries, the number of Councillors, and the numbers, boundaries and subdivisions of community boards.

Climate change

- 25 This risk has changed from increased to stable this quarter.
- 26 The status of the risk has been changed this quarter to reflect management's level of confidence that, while the risk will continue to need ongoing focus, it is being managed in the current changing political environment and given active consideration across organisation-wide decision-making.
- 27 A caution to note is the central government aspect of this risk as outlined in the change and reform risk above. The new government has yet to reveal what might be inside its climate change adaptation framework, and whether there will be any significant changes from what the previous

government was doing. This leaves uncertainty in terms of Council's obligations, responsibilities and the regulatory tools it will have to enable funding adaptation options.

- 28 Work continues to develop a pathway to receive and share climate change information with the community. It will be important to ensure that the release of information is done in a planned and structured way that provides a conduit that both community and Council can utilise to ensure each obtains the information needed to effectively undertake collaborative adaptation planning that encompasses both risk and opportunity.

Compliance and fraud

- 29 This risk continues to be assessed as stable.
- 30 Staff continue to assess the requirements for compliance with changes following the change in government – notably in the three waters and resource management area. While the compliance aspect of this risk is still viewed as stable, change in the three waters space is considerable.
- 31 To note is the potential risk that Taumata Arowai might change existing legislation for storm water and wastewater. New regulations around the quality and treatment of stormwater may result in costs that are currently not budgeted for.
- 32 Over the last year, changes in the resource management area led to inconsistent consent processing and service levels impacting the ability to meet Council's statutory requirements. In order to address these issues, a business improvement plan has been developed resulting in an action plan outlining a robust and transparent process towards compliance improvement. The action plan is currently being implemented with good progress.

Fraud

- 33 Staff have continued to monitor instances of external fraudulent activity to identify methods to protect the organisation.
- 34 Ongoing work in the procurement and contract management space continues to mitigate against the potential for fraudulent activity within and directed at the organisation.
- 35 Fraud awareness training (encompassing bribery, fraud and corruption), facilitated by Deloitte, is currently being finalised and will be rolled out to targeted teams, and more broadly across the organisation.

Cyber security

- 36 This risk continues to be assessed as stable.
- 37 This risk continues to be managed to ensure the organisation is secure from, and prepared for, credible cyber threats.
- 38 Council continues to experience activity in cyber-attacks through sophisticated email phishing campaigns. Ongoing staff and governance training has seen consistent improvement in skill levels as evidenced by the decreased uptake in dummy phishing emails.
- 39 Cyber incident management is a new initiative emerging from the cyber security framework foundation. Staff are continuing to work through documentation on various scenarios (run books) and this initiative will provide the finer detail arising from the framework.

Data and systems

- 40 This risk continues to be assessed as stable.
- 41 A data governance work programme is being created for 2024/25 to focus on data management, security and classifications. This will include identifying all data sources – some which is categorised as data that is ‘unmanaged’.
- 42 Council continues to investigate complementary systems and potential upgrades in order to finalise the implementation of its financial management information system (FMIS).
- 43 Council continues to develop the use of the metabase data analytics tool. There is still a requirement to complete a gap analysis of all reporting requirements and their audiences in an effort to streamline how data is stored and presented. Staff have recently received training on getting the best of the metabase tool to empower them to access information independently.

Disaster event

- 44 This risk continues to be assessed as increased.
- 45 This risk continues to be assessed as increased as gaps in the local and regional response to the flooding events in September 2023, and to the unfolding events at Bluecliffs currently, remain unresolved.
- 46 A post-event evaluation undertaken by the Incident Management team (IMT) last year was followed by a similar analysis at a regional level by Emergency Management Southland (EMS). The draft regional review highlighted some issues that will need to be considered and responded to so that Council can be assured that an effective and coordinated regional response is available should it be required.
- 47 At an internal level, consideration has been given to ensuring clarity of roles, clear communication channels and appropriate capacity is in place pre event. This aims to anticipate the need to undertake succession planning (both of shared EMS roles versus internal IMT roles) and to enable inhouse continuity of delivery.
- 48 In addition to regionwide exercises, regular inhouse scenario testing will be an important component to ensuring the organisation is as prepared as possible to respond to and recover from disruptive events. Council continues to build depth to staff training and the Coordinated Incident Management System (CIMS) structure. Currently Council has sixty percent of staff CIMS trained with functional training to begin again next quarter.
- 49 Over the quarter, proactive measures were implemented against the potential of risk to the water supply network. Staff monitored the El Nino conditions to ensure that the District was prepared for any significant risks to water supply.
- 50 Council is currently investigating what alternate sites exist to set up an emergency operations centre should the offices at Don and Forth St not be able to be accessed.

Health, safety and wellbeing

- 51 This risk continues to be assessed as stable.

- 52 One of the benefits of health and safety being systems-based is that there has not been a noticeable reduction in service despite the lengthy vacancy in the key oversight role.
- 53 There are currently ten critical risks identified for Council as part of the 2023-25 Health, Safety and Wellbeing Strategic Road Map. These are currently being transitioned from a three yearly document into a one year plan for 2024 which will prioritise the risks looked at by ELT on a monthly basis.
- 54 The use of body cameras has been implemented where appropriate, and a review is being undertaken as to the use of real time panic alarm systems for those teams most at risk from violence and aggressive behaviours.

Public health

- 55 This risk continues to be assessed as stable.
- 56 Council continues to progress well to meeting the July 2024 deadline imposed after the Queenstown cryptosporidium outbreak last year required every water treatment plant to have protozoal protection in place.
- 57 While there are currently two plants that do not have protozoal protection, these had already been identified prior to the Queenstown outbreak and Council is well on track to having both treatment plants compliant. Eastern Bush may not meet the July 2024 deadline however the design and build is currently underway.
- 58 This quarter the Manapouri upgrade has started and is well on track.

Relationships and reputation

- 59 This risk continues to be assessed as stable.
- 60 This risk is still currently assessed as stable however acknowledgement is made of the potential impacts of the Long Term Plan development and conceivable rates increases.
- 61 While councils across New Zealand are facing similar decisions, it remains that this risk may be impacted by members of the community who may be faced with rating demands they are unable to meet. Council will work to articulate to the community its abilities and constraints.
- 62 Over the quarter, Council utilised the opportunity for community engagement provided by representation at the Waimumu Field Days.
- 63 An action plan for resource consenting business improvement is currently being implemented however there remains a risk to Council if compliance with statutory timeframes is not seen by the community to be improving quickly enough.

Resource and delivery

- 64 This risk continues to be assessed as increased.

Procurement

- 65 Staff continue to consider different and increasingly flexible ways of procuring materials and services to reduce risk i.e. alliance type tendering and increasing project contingencies for work

with high price component risks. To further support innovative procurement, Council will need to establish a baseline measure to identify gaps and what it is innovating away from.

- 66 Staff continue to consider how Council best positions itself as client of choice against others competing in the same market. Work continues with contractors to identify ways to simplify processes and proactively communicate the forwards work programme to ensure that contractors can tender for it easily.

Staffing

- 67 Annual staff turnover is in line with the local government sector and we continue to assess ways to ensure institutional knowledge is captured appropriately.
- 68 Recruiting the keys required will always be an issue at times, however recent positions advertised has seen an increase in higher skill levels, With changes at a central government level this may also increase the calibre of candidates moving forward.
- 69 Effective succession planning remains a key focus area moving forwards and Council will continue using contracted personnel and consultants where possible to maintain service delivery.

Strategy and direction

- 70 This risk is assessed as increased which has changed from stable in the last quarter.
- 71 This risk is seen as inextricably linked to the change and reform risk and in consequence has seen its status move to increased this quarter.
- 72 This is due to the ongoing uncertainties around the direction of the new government and the consequent implications for Council's strategic direction. Council has had a period of inability to make choices, it now potentially has more freedom but with continued budget constraints.
- 73 It is noted that this brings both risk and opportunity for Council in terms of the choices it makes and direction it chooses.
- 74 There is risk that in waiting for central government direction, Council stalls and loses momentum in key projects and decision-making. Council will need to consider how it frames a coherent realistic story about its ability and what it can continue to achieve.
- 75 It remains important that a clear line of sight is plumbed between Council's goals and its performance objectives to ensure organisational alignment.

Emergent risks

- 76 No potential emergent risks have been identified this quarter.
- 77 Staff will continue to scan for emerging risks and escalate as appropriate.

Risk management work programme

- 78 The recently created risk analyst role will be responsible for facilitating the delivery and review of a range of Council's risk management documents and processes aimed at embedding an effective risk management across the organisation.

- 79 This report provides the committee with an overview of the risk management work programme planned for the next three years. The work programme is included as attachment B.

Strategic risk refresh workshops

- 80 The annual review by ELT and staff is currently underway to ensure that Council's priority strategic risks remain relevant.
- 81 The outcome of this review will be presented to the committee for recommendation when it meets in June, and to Council for adoption following the committee meeting.

Operational risk assurance

- 82 Historically, resourcing and capacity issues have delayed the development of the operational risk register. The planned dedicated risk analyst role will mean that momentum should be gained quickly in this space. Once the role is in place, it is intended that an introduction to the organisation's strategic risk management be presented to the team leaders' forum, followed with more detailed discussion at activity level to identify operational risks within each area of the organisation.

In-depth risk analysis

- 83 As part of the risk management reporting process, the ELT also undertakes a regular programme of in-depth analysis into each of the key risks identified by Council.
- 84 A workshop is scheduled to for the March 2024 committee meeting to facilitate discussion of two of Council's key strategic risks.

Attachments

- A Risk register - Finance & Assurance committee - March 2024 quarter
- B Risk management work programme 2024-2027
- C Risk management framework - risk matrices



Quarterly risk register – March 2024 quarter

Finance and Assurance Committee

STRATEGIC RISK SUMMARY TABLE										
Change & reform	Climate change	Compliance and fraud	Cyber-security	Data & systems	Disaster event	Health, safety & wellbeing	Public health	Relationships & reputation	Resource & delivery	Strategy & direction
PRE TREATMENT THRESHOLD										
Very high	Very high	High	Very High	High	Very high	Very high	Very high	Very high	Very high	High
POST TREATMENT THRESHOLD										
Very high	High	Medium	Medium	Medium	High	High	High	High	Very high	Medium
RISK STATUS FOR THE CURRENT QUARTER IS ASSESSED AS:										
Increasing	Stable	Stable	Stable	Stable	Increasing	Stable	Stable	Stable	Increasing	Increasing
RISK LEAD										
Chief executive	Executive leadership team									Chief executive
ACTION OFFICER										
Chief executive	Climate change lead Infrastructure & Commercial Delivery Team	Building solutions manager Environmental planning manager Strategic manager water & waste Transactional project lead Environmental health manager	Manager information services	Manager information services	Communications manager Environmental planning manager Infrastructure & environmental services leadership team	Health & safety manager	Strategic manager water & waste Asset manager water & waste Environmental health manager	Executive leadership team Communications manager Governance legal manager Community leadership manager	Commercial infrastructure manager Project delivery manager	Executive leadership team

Risk register template
1/06/2019

Southland District Council
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Strategic risk CHANGE AND REFORM

DESCRIPTION	Risk that Council has inadequate adaptability to respond to a continuously changing environment			STATUS
				Increasing
Risk management framework	Strategic	Risk register	Climate change	Strategy & direction
CATEGORY		LINKS	Compliance	
RISK LEAD	Chief executive	ACTION OFFICER	Executive leadership team	
POTENTIAL RISK TRIGGERS	<p>External:</p> <ul style="list-style-type: none">• changes in central government political direction and/or decision-making• changes in community/stakeholder service level expectations• sector messaging creating uncertainty for business, communities and organisation <p>Internal:</p> <ul style="list-style-type: none">• organisational lack of agility and resilience due to:<ul style="list-style-type: none">○ inadequate capacity and capability○ complexity and effectiveness of organisational systems and processes○ siloed culture○ political personalities, trust and relationships○ loss of key staff/elected members○ inadequate contingency planning○ ineffective change communication○ lack of strategic direction			
PRE TREATMENT THRESHOLD	Consequence:	Major	Likelihood:	Highly likely
	Very high			
CURRENT MITIGATIONS	<ul style="list-style-type: none">• monitoring of macro trends/broader environment<ul style="list-style-type: none">○ taking an apolitical approach to continue working effectively with central government			



	<ul style="list-style-type: none"> ○ continued monitoring and participation where appropriate to influence the direction of new legislation ○ visibility of central government's legislative/statutory changes provided through regular reporting and workshops with Council and/or committee ● increasing organisational resilience <ul style="list-style-type: none"> ○ review and improve systems/procedures around data capture, management and storage ○ review of current internal structures and practices to ensure they are fit for purpose ○ review and identify process to increase adaptiveness and agility of governance/management/staff ● increasing financial resilience <ul style="list-style-type: none"> ○ monitoring of macro trends/broader environment ○ ensuring the ability to urgently reprioritise capital spending and/or community levels of service spending ● maintain trust and confidence of our communities through effective communication and engagement <ul style="list-style-type: none"> ○ continued engagement/collaboration with neighbouring councils/central government / governance/management/ staff level relationships ○ representation review to ensure communities in the District are fairly and effectively represented 		
POST TREATMENT THRESHOLD	Consequence:	Major	Likelihood: Highly likely
	Very high		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> ● none reported for the March 2024 quarter 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> ● Staff forum December 2023 		



Strategic risk		CLIMATE CHANGE				
DESCRIPTION	Risk that Council fails to adapt to, or mitigate the effects of, climate change impacts					STATUS
						Stable
Risk management framework	Health, safety & wellbeing	Strategic	Risk register	Change & reform	Relationships & reputation	
CATEGORY	Regulatory & compliance	Social, cultural & environmental	LINKS	Disaster event	Compliance	
RISK LEAD	Executive leadership team		ACTION OFFICER	Climate change lead	Infrastructure & Commercial Delivery Team	
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">ineffective clear advice to enable evidence-based quality decisions due to:<ul style="list-style-type: none">variability and uncertainty in climate change modellingchanges in political directioncontinued debate of validity of climate change science <u>Internal:</u> <ul style="list-style-type: none">inadequate consideration of climate impacts in:<ul style="list-style-type: none">strategic decision-makingfit for purpose activity management					
PRE TREATMENT THRESHOLD	Consequence:	Major	Likelihood:	Likely		
	Very high					
CURRENT MITIGATIONS	<ul style="list-style-type: none">effective governance, strategies and plans<ul style="list-style-type: none">infrastructure planning and asset management that takes into account climate change impacts and contributes to adaptation and mitigation pathwaysensuring continued compliance with appropriate national and regional plansconsideration of climate change impacts in business cases, activity management plans and Council reportsconsideration of climate change in planning decisions, particularly in relation to spatial planning and the District Plandeveloping a regional climate change strategy in collaboration with regional partners					



	<ul style="list-style-type: none"><ul style="list-style-type: none">measuring and reducing Council’s greenhouse gas emissionsbuild knowledge<ul style="list-style-type: none">understand how climate change will impact Council operations and Southland District communitiesincrease staff knowledge of climate change issues and how these relate to their workeffective internal and external communication of climate change related issuesbuild capacity<ul style="list-style-type: none">establishment of a staff climate change working groupadequate borrowing capacity in place through the financial strategy to assist with recovery costscatastrophe insurance in placeemergency resourcing in place and available	
POST TREATMENT THRESHOLD	Consequence: Major	Likelihood: Possible
	High	
PROPOSED MITIGATIONS	<ul style="list-style-type: none">development of a draft climate action plan that sets out appropriate climate change scenarios to use, governance for climate change, capability and capacity requirements. This will be informed by the regional climate change strategy currently being developed.coastal adaption planningconsider climate change adaption and mitigation in spatial planningcouncil’s emissions profile has been developed but further work will now need to be progressed to drive reductions	
COMPLETED MITIGATIONS	<ul style="list-style-type: none">Council’s emissions profile completed.Great South spatial forecasting of coastal inundation risk receivednew internal and external coastal hazards information portals created and socialised internally and externallyAsset Management Policy updatedproposed regional climate change strategy phase one containing principles and aspirations endorsed for consultation by all RCCWG members	



Strategic risk		COMPLIANCE AND FRAUD				
DESCRIPTION	Risk that Council is unable to adapt to the impacts of fraud and increasing compliance standards on the organisation					STATUS
						Stable
Risk management framework	Financial	Strategic	Risk register	Public health	Service delivery	
CATEGORY	Regulatory & compliance		LINKS	Reputation		
RISK LEAD	Executive leadership team		ACTION OFFICER	Fraud: Transactional project lead	Compliance: Building solutions manager Environmental planning manager Strategic manager water & waste Environmental health manager	
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">central government changes to the regulatory standards for compliance<ul style="list-style-type: none">external attempts to perpetrate fraud <u>Internal:</u> <ul style="list-style-type: none">community and stakeholder service-level expectations not being metbreakdown in internal controls resulting in:<ul style="list-style-type: none">continued or serious breaches leading to increased compliance requirements and regulationpoor resource allocation/prioritisationcomplacencyemotionally and financially stressed stafflack of training and awarenessremote/flexible working					
PRE TREATMENT THRESHOLD	Consequence:	Catastrophic		Likelihood:	Unlikely	
	High					



CURRENT MITIGATIONS	Fraud: <ul style="list-style-type: none"> • effective governance, strategies and plans <ul style="list-style-type: none"> ○ fraud policy, fraud officers, and fraud awareness training initiated ○ external and internal audits, segregation of duties and well established documented approvals process ○ well documented and aligned procurement process - procurement policy and associated manual in place and training workshops initiated • stringent employment criteria and recruitment checks on potential employees • continued monitoring of case law and media reporting to learn from fraudulent activity elsewhere Compliance: <ul style="list-style-type: none"> • ensuring continued compliance with appropriate national and regional plans • effective governance, strategies and plans <ul style="list-style-type: none"> ○ prioritisation of projects to ensure compliance is maintained ○ forward planning for resourcing works programme ○ documented process and procedures, internal and external audit, staff training, strengthened links between teams and quality assurance processes • collaborative governance group meetings 		
POST TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood: Rare
	Medium		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • none reported for the March 2024 quarter 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • none reported for the March 2024 quarter 		



Strategic risk		CYBER SECURITY			
DESCRIPTION	Risk that Council’s systems are vulnerable to cyber-attack and/or error				STATUS
					Stable
Risk management framework	Financial	Regulatory & compliance	Risk register	Data and systems	Reputation
CATEGORY	Operational		LINKS	Disaster event	Service delivery
RISK LEAD	Executive leadership team		ACTION OFFICER	Business solutions manager	
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">external threat attemptscomplacency with regard to international trends and attacks <u>Internal:</u> <ul style="list-style-type: none">technical failure to protect IT systems<ul style="list-style-type: none">increasing digitisation without integration with processesinadequate cyber strategyunderinvestment/lack of maintenancebreakdown of internal controls<ul style="list-style-type: none">inadequate IT security awareness/culture/behaviours /competency potentially resulting in malicious or innocent employee activitiesremote/flexible working creating less secure connections				
PRE TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood:	Possible	
	Very high				
CURRENT MITIGATIONS	<ul style="list-style-type: none">increased digital protection<ul style="list-style-type: none">E-delivery project, regular updating of IT equipment including enhanced mobility, continued cyber security awareness training throughout the organisationeffective governance, strategies and plans<ul style="list-style-type: none">cyber security strategy, SAM for compliance, disaster recovery plan, cyber incident management, collaboration.				



	<ul style="list-style-type: none"> improve internal controls <ul style="list-style-type: none"> regular reporting to management and governance phone systems, systems back up, role based controls in place, regular reporting to governance. 		
POST TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood: Rare
	Medium		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> Mobile Device management (MDM) has been pushed to mid-2024 due to budget/resource constraints 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> cyber awareness training completed with Councillors 		



Strategic risk DATA AND SYSTEMS

DESCRIPTION	Risk of ineffective and inefficient use of information in Council's decision-making			STATUS
				Stable
Risk management framework	Financial	Strategic	Risk register	Cyber security
CATEGORY	Operational		LINKS	
RISK LEAD	Executive leadership team		ACTION OFFICER	Business solutions manager
POTENTIAL RISK TRIGGERS	<p><u>Internal:</u></p> <ul style="list-style-type: none"> inability to maximise effectiveness of information systems and tools due to: <ul style="list-style-type: none"> complexity of organisational systems lack of integration/alignment across information systems lack of analytics capability/capacity insufficient data governance poor resource allocation/prioritisation cyber security <ul style="list-style-type: none"> inefficient systems which are vulnerable to attack and/or error 			
PRE TREATMENT THRESHOLD	Consequence:	Moderate	Likelihood:	Likely
	High			
CURRENT MITIGATIONS	<ul style="list-style-type: none"> review and improve systems/procedures around data capture, management and storage <ul style="list-style-type: none"> improved integration between current and new systems data governance work programme focussing on data managements, security and classifications contract alignment staff training and reporting options implementation of metadata standards and asset management tool (IPS) established infrastructure design standards effective communication 			



	○ part of BAU with operational reporting to community boards		
POST TREATMENT THRESHOLD	Consequence:	Moderate	Likelihood: Possible
	Medium		
PROPOSED MITIGATIONS	<ul style="list-style-type: none">Council continues to develop the use of the metabase data analytics tool but there is still requirement to complete a gap analysis of all reporting requirements to streamline how data is stored and presented.		
COMPLETED MITIGATIONS	<ul style="list-style-type: none">none reported for the March 2024 quarter		



Strategic risk		DISASTER EVENT				
DESCRIPTION	Risk that Council is unable to respond to the consequences of a natural or human-induced event impacting the District					STATUS
Risk management framework	Financial	Social, cultural & environmental	Risk register	Climate change	Public health	
CATEGORY			LINKS	Cyber security	Relationships	
RISK LEAD	Executive leadership team		ACTION OFFICERS	Services and Assets Leadership Team	Communications manager Environmental planning manager	
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">• biosecurity outbreak• severe weather event• disaster caused by failure of man-made structure• natural disaster event without warning or build up• global financial crisis <u>Internal:</u> <ul style="list-style-type: none">• critical asset failure that impacts safety as a result of poor resource allocation/prioritisation• insufficient organisational agility and resilience• ineffective clear advice to enable evidence-based quality decisions due to variability and uncertainty• inadequate or ineffective engagement, communication, governance• ineffective or lack of collaboration /partnership• relationship mismanagement• inadequate contingency planning					
PRE TREATMENT THRESHOLD	Consequence:	Catastrophic		Likelihood:	Possible	
	Very high					



CURRENT MITIGATIONS	<ul style="list-style-type: none"> • emergency management <ul style="list-style-type: none"> ○ collaboration on emergency management response approach across agencies and the region ○ organisational emergency response plans ○ community emergency response plans ○ ensuring warning systems and protocols are in place e.g. flood monitoring system, tsunami alerts • business continuity planning <ul style="list-style-type: none"> ○ effective communication/roles/governance with documented processes • infrastructure resilience <ul style="list-style-type: none"> ○ identification of 'at risk' strategic sites with plans developed for their maintenance and return to normal ○ criticality assessment and asset identification ratings ○ appropriate capacity and competency in place to manage, monitor, operate and maintain critical infrastructure ○ infrastructure strategy completed and in place 		
POST TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood: Unlikely
	High		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • development of overarching and organisation-wide emergency response plan 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • none reported for the March 2024 quarter 		



Strategic risk		HEALTH, SAFETY AND WELLBEING			
DESCRIPTION	Risk of health, safety and wellbeing harm to staff, contractors and community				STATUS
					Stable
Risk management framework	Health, safety & wellbeing	Operational	Risk register LINKS	Public health	Reputation
CATEGORY					
RISK LEAD	Executive leadership team		ACTION OFFICER	Health, safety & wellbeing advisor	
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">complacency leading to greater risks being taken by the community of public safety issues <u>Internal:</u> <ul style="list-style-type: none">poor health and safety culture and/or behaviours across the organisation leading to:<ul style="list-style-type: none">stressed disengaged staffincreased staff workloadslimited capability and capacityinadequate governance understanding of role/accountabilitycompeting priorities:<ul style="list-style-type: none">deferred maintenance / under resourcingtime pressures and/or complacency leading to acceptance of high levels of riskfailure to engage with and listen to the communityfailure to act on lessons learned from near misses and incidents (including lessons from other industry experiences)business continuity and pandemic plans not adhered to				
PRE TREATMENT THRESHOLD	Consequence: Catastrophic		Likelihood: Highly likely		
	Very high				
CURRENT MITIGATIONS	<ul style="list-style-type: none">effective governance, strategies and plans<ul style="list-style-type: none">health and safety wellbeing policy and frameworkhealth and safety strategic road map				



	<ul style="list-style-type: none"> ○ health and safety risk management framework implemented across organisation ○ pandemic business continuity plan in place and current ○ ongoing training for governance and management on roles and responsibilities ○ organisational culture <ul style="list-style-type: none"> ○ wellbeing programme established ○ ongoing education process with staff about the controls in place along with continued monitoring of their effectiveness ○ comprehensive audit framework ○ collaboration with other agencies 		
POST TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood: Unlikely
	High		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • none reported for March 2024 quarter 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • basic gap analysis of all critical risks complete • health and safety governance training undertaken 		



Strategic risk		PUBLIC HEALTH				
DESCRIPTION	Risk that Council exposes the community to a public health emergency					STATUS
Risk management framework CATEGORY	Financial Operational	Regulatory & compliance Social, cultural & environmental Health, safety & wellbeing	Risk register LINKS	Compliance & fraud Disaster event	Health, safety & wellbeing	Stable
RISK LEAD	Executive leadership team		ACTION OFFICERS	Strategic manager water & waste Asset manager water & waste Environmental health manager		
POTENTIAL RISK TRIGGERS	<u>External:</u> <ul style="list-style-type: none">severe weather, natural disaster, a fire, chemical spillcomplacency leading to greater risks being taken by the community of public safety issues e.g. potential for unknown residential connection to stock water supplies resulting in contamination event <u>Internal:</u> <ul style="list-style-type: none">failures in asset maintenance<ul style="list-style-type: none">ineffective clear advice to enable evidence-based quality decisions results in poor understanding of the health and safety risks within Council’s facilities and services providedcompeting priorities lead to deferred maintenance across portfolio and/or under resourcingtime pressures and/or complacency leading to acceptance of high levels of riskhuman error / inappropriate behaviours / criminal behaviours or damage at Council assetsfailure to engage with and listen to the communityfailure to act on lessons learned from near misses and incidents (including lessons from other industry experiences)business continuity and pandemic plans not adhered to					
PRE TREATMENT	Consequence:	Catastrophic		Likelihood:	Highly likely	



THRESHOLD	Very High		
CURRENT MITIGATIONS	<ul style="list-style-type: none"> ensure compliance with appropriate national and regional plans <ul style="list-style-type: none"> robust compliance monitoring system prioritised programme of review including sanitary assessment report and water safety plans condition assessments for assets review of public access to operational sites effective governance, strategies and plans <ul style="list-style-type: none"> business continuity planning including contractors prioritisation of projects to ensure compliance is maintained collaborative approach with other southern councils sanitary assessment report, water safety plans, conditions assessments for assets review of public access to operational sites 		
POST TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood: Unlikely
	High		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> none reported for March 2024 quarter 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> review of sanitary assessment report and water safety plans three waters contract awarded and negotiations completed three waters automation contract tender completed 		



Strategic risk		RELATIONSHIPS AND REPUTATION			
DESCRIPTION		Risk that Council fails to manage its local, regional and national relationships			STATUS
		Risk that Council suffers reputational damage because of service delivery failure			Stable
Risk management framework	Social & cultural	Strategic	Risk register	Change & reform	Health, safety & wellbeing
CATEGORY			LINKS	Compliance & fraud	Public health
				Cyber security	Resource & delivery
				Disaster event	Strategy & direction
RISK LEAD	Executive leadership team		ACTION OFFICER	Executive leadership team	
POTENTIAL RISK TRIGGERS	External <ul style="list-style-type: none">political EQ Internal: <ul style="list-style-type: none">inadequate or ineffective engagement, communication, governance<ul style="list-style-type: none">narrow, short term/misaligned strategic focusineffective or lack of collaboration/partnership with stakeholders/communitydysfunctional internal relationship between governance and staffdysfunctional organisational culture - job uncertainty/restructures/staff burnout/remote workinglack of awareness regarding Treaty obligations and iwi protocol				
PRE TREATMENT THRESHOLD	Consequence: Major		Likelihood: Likely		
	Very high				
CURRENT MITIGATIONS	<ul style="list-style-type: none">establish strong networks with other agencies and external stakeholders to share knowledge, learnings and culture<ul style="list-style-type: none">regular engagement with stakeholders at political and executive levelcollaborative governance group meetings to progress alignment of strategic direction – mayoral forum, TAMI board sessions, Te Roopu Taiao meetings, CEG civil defence forums, neighbouring councilsproactive steps taken at the start of each local government triennium to re-establish trust and relationships with community and stakeholders				



	<ul style="list-style-type: none"> ○ relationship management between mayor/elected members, mayor/chief executive, executive leadership team/key staff • understanding Council's Treaty obligations <ul style="list-style-type: none"> ○ iwi charter of understanding in place ○ identify and address gaps in organisational cultural and diversity awareness • enabling community boards to bring community voice back into Council <ul style="list-style-type: none"> ○ community board 'health check' completed and actions arising currently being implemented ○ representation review to ensure communities in the District are fairly and effectively represented • establish internal mentoring and knowledge sharing workshops by senior management <ul style="list-style-type: none"> ○ monthly team leader forums established for knowledge sharing across the organisation 		
POST TREATMENT THRESHOLD	Consequence:	Major	Likelihood: Possible
	High		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • proposed iwi liaison role 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • proactive steps taken at the start of each local government triennium to re-establish trust and relationships with community and stakeholders – District tour by elected members completed as part of induction plan 		



Strategic risk		RESOURCE AND DELIVERY	
DESCRIPTION	Risk of non-performance/delivery of committed outcomes and meeting expectations		STATUS
			Increasing
Risk management framework	Operational	Regulatory & compliance	Risk register
CATEGORY			LINKS
RISK LEAD	Executive leadership team		ACTION OFFICER
			Reputation
POTENTIAL RISK TRIGGERS	<p>External:</p> <ul style="list-style-type: none"> market capacity inadequate response to macro factors affecting price and accessibility e.g. climate change, Covid alert level impacts, international political instability change in community/ stakeholder service level expectations <p>Internal:</p> <ul style="list-style-type: none"> ineffective clear advice to enable evidence-based quality decisions inadequate measures including accountability, capability, transparent and proactive self-monitoring complexity of organisational systems competing priorities resulting in deferred maintenance across portfolio siloed organisational culture inadequate or failed cooperation and collaboration with neighbouring councils difficulty attracting and maintaining skilled resources strategic objectives: <ul style="list-style-type: none"> narrow strategic approach - not looking at 'big picture' unclear and incomplete understanding of objectives 		
PRE TREATMENT	Consequence:	Major	Likelihood: Highly likely



THRESHOLD	Very high	
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • effective governance, strategies and plans <ul style="list-style-type: none"> ○ development of a well-informed capital works programme based on known condition and performance of assets ○ allocation of appropriate funding and resources to deliver the prioritised work plan ○ procurement optimisation ○ internal and external audit ○ effective communication between teams and other agencies • recruiting and retaining skilled resources <ul style="list-style-type: none"> ○ monitoring organisational climate ○ work closely with industry providers and training institutions ○ workforce strategy ○ resource sharing ○ secondments, internships and a cadet system • organisational culture <ul style="list-style-type: none"> ○ look after staff by building a culture that encourages staff to stay and to recruit into ○ outsourcing and using external mechanisms at key pressure points to mitigate stress 	
POST TREATMENT THRESHOLD	Consequence: Major	Likelihood: Likely
	Very high	
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • investigate ways to develop employer brand 	
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • prioritisation plan to consider the number and impact of work outside the formally signed off works programme 	



Strategic risk STRATEGY AND DIRECTION			
DESCRIPTION	Risk of poor or ineffective decision-making due to lack of strategic integration and alignment		
	STATUS Increasing		
Risk management framework CATEGORY	Financial Strategic	Risk register LINKS	Change & reform
RISK LEAD	Chief executive	ACTION OFFICER	Executive leadership team
POTENTIAL RISK TRIGGERS	<ul style="list-style-type: none"> • inadequate discussion of strategic direction • unclear and incomplete understanding of strategic objectives • near-sighted decision making • competing priorities • complex decision-making processes and requirements • ineffective clear advice to enable evidence-based quality decisions • ineffective governance/management interface 		
PRE TREATMENT THRESHOLD	Consequence: Moderate	Likelihood: Likely	
	High		
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • effective governance, strategies and plans <ul style="list-style-type: none"> ○ strategy development workplan currently being developed ○ regular collaborative governance group meetings to progress alignment of strategic direction • effective conduit between governance, management and organisation • long term formal commitment to collaboration between Council and key agencies 		
POST TREATMENT THRESHOLD	Consequence: Moderate	Likelihood: Possible	
	Medium		



PROPOSED MITIGATIONS	<ul style="list-style-type: none"> ongoing governance/management self-evaluation and review
COMPLETED	<ul style="list-style-type: none"> none reported for March 2024 quarter



Risk management work programme 2024-27

Finance and Assurance committee – 27 Mar 2024

Year one – 2024-25
Review documents and skills that provide the foundation for Council's risk management
<ul style="list-style-type: none"> • develop risk management work programme • review and update risk management policy • review and update risk management framework • review and refresh risk appetite statement • communicate risk appetite statement to the wider organisation • establish baseline organisational risk awareness • roll out induction and refresher training for staff • annual refresh strategic risk register • maintain strategic risk management oversight • provide deep dive analysis of each strategic risk
Year two – 2025-26
Build organisation-wide risk awareness & capability
Create systematic processes
<ul style="list-style-type: none"> • socialise and embed risk documentation • align risk appetite statement with Council policies • provide guidance to staff on how to use the risk appetite statement in their day to day decision-making • develop and approve operational risk register • facilitate operational risk management reporting to ELT • facilitate workshops to improve key operational risk registers in key strategic areas of Council • develop more comprehensive risk monitoring reports including quantitative measures of mitigations and controls • confirmation of inherent and residual thresholds and identification of target thresholds • review and refresh risk appetite statement • annual refresh strategic risk register • maintain strategic risk management oversight • provide deep dive analysis of each strategic risk
Year three – 2026-27
Re-evaluate the work programme
<ul style="list-style-type: none"> • review and refresh risk management work programme • undertake risk maturity assessment • operational risk register embedded • scenario sessions to stress test key mitigations/controls • incorporate risk management responsibilities into employee performance management • evaluate need for additional risk management support resource • consider need for technology to support risk management processes • annual refresh strategic risk register • maintain strategic risk management oversight • provide deep dive analysis of each strategic risk

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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

Risk management framework – risk matrices
5/12/2019

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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
	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)	OR 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

Financial Report for the period ended 31 January 2024

Record No: R/24/3/10955

Author: Joanie Nel, Senior accountant

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 To provide Council with an overview of the financial results for the seven months to 31 January 2024 by Council's seven activity groups, as well as the financial position and the statement of cashflows as at 31 January 2024.

Recommendation

That Finance and Assurance Committee:

- a) **Receives the report titled "Financial Report for the period ended 31 January 2024" dated 21 March 2024.**

Attachments

- A Financial Report January 2024



Financial report

January 2024

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Introduction

This report summarises Council's financial results for the seven month period to 31 January 2024.

The report summary consolidates the business units within each of Council's groups of activities and 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 (Annual Plan) with adjustments for phasing of budgets, carry forwards and approved unbudgeted expenditure reports
- 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 carry forwards and approved unbudgeted expenditure reports.

The activities reported include the seven activities in the LTP, along with corporate services. Corporate services (previously part of District Leadership) includes all the customer and corporate support (like people and capability, communications, strategy and policy, finance, information management) and forestry. These costs are spread across all the activities but they have also been separated out for the purposes of this report.

Carry forwards were approved by Council in September 2023 and have been included in the projection column.

Phasing of budgets is undertaken to reduce the number of variance explanations due to timing. Phasing occurred in October and when one-off actual costs were incurred.

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

Southland District Council summary reports use a materiality threshold to measure, monitor and report on the financial performance and position of Council. In determining materiality, variances more or less than 10% of the original budget and greater than \$10,000 are considered material and explained in the report.

Report contents:

- A. Council summary (income, expenditure, capital expenditure and associated commentary)
- B. Council summary by Activity Group
- C. Statement of comprehensive income
- D. Statement of financial position and movement commentary
- E. Statement of cash flows.

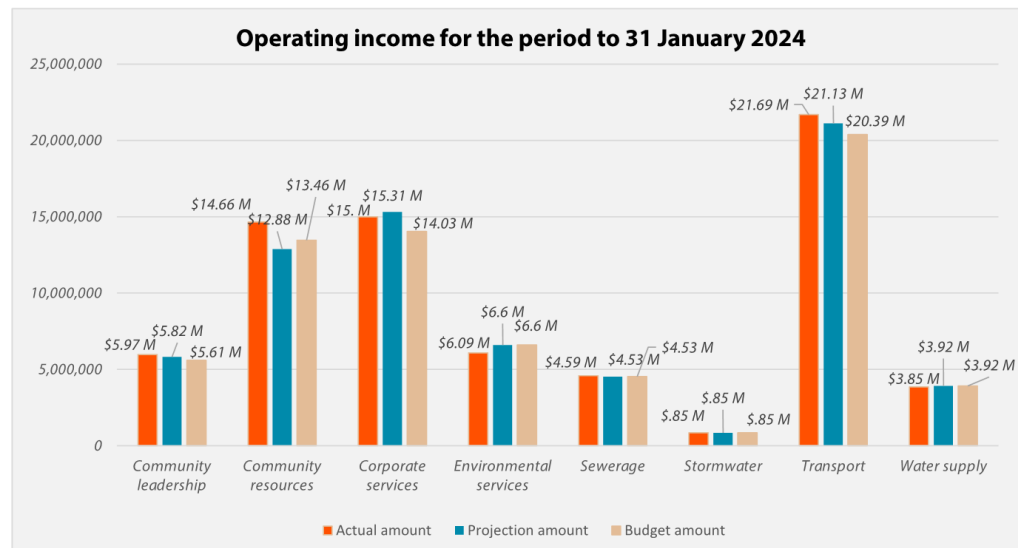
Abbreviation explanation

Abbreviation	Description
AP	Annual Plan
CAPEX	Capital expenditure
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
LGFA	Local Government Funding Agency
LT	Leadership team
LTP	Long Term Plan
ME	Month end
NZTA	Waka Kotahi NZ Transport Agency
NZDWS	New Zealand Drinking Water Standards
SDC	Southland District Council
SIESA	Stewart Island Electrical Supply Authority
TIF	Tourism Infrastructure Fund
YE	Year end
YTD	Year to date
YTD Variance	Comparison of actual results compared to YTD budget
\$M	Millions of dollars
WWTP	Waste water treatment plant

Council summary

Income

Operating income for the seven month period to 31 January 2024 is \$1.6 million (2%) above projection (\$72.7 million actual vs \$71.1 million projection). The key reasons for the variances are detailed below.



- **community leadership** is income \$149K (3%) over projection due to the \$5 increase in the Stewart Island Visitor Levy (increased at 1 October 2023) and grant funding received for the Mayoral Taskforce
- **community resources** income is \$1.7M (14%) over projection. \$1.5M of this is related to the sale of Luxmore land in Te Anau. In addition, waste services income is \$290K over projection mainly due to the increase in waste levy funding received from the Ministry for the Environment as well as higher refuse fee income due to higher waste volumes at transfer stations (particularly Te Anau)
- **corporate services** income is \$314K (2%) less than projection. Because the income for these overhead-type business units is generated via cost recovery against other Council activities, the lower income is largely as a result of lower actual expenditure than projected (detailed in section two). The majority of the variance is due to lower recoveries across a range of functions caused by lower staff costs, either due to vacancies or the timing of work being completed, as well as lower expenditure on associated operating costs like publications, advertising, surveys, equipment and training costs
- **environmental services** income is \$515K (8%) less than projection. Building solutions income is less than projected due to a 21% drop in new building consent applications over the prior year. In addition, the lower income has also resulted from more code of compliance certificates being signed off for historical building work. Because the fees for these certificates were prepaid at the time of the original consent and treated as income at the time, the financial statements do not show this income. This has been changed for new consents where code of compliance certificate costs are invoiced and recognised as income at the time the work is undertaken. Staff anticipate more building work and a lift in consent income for the remainder of the year with greater certainty around building following the change in government. Overall, building solutions is projecting a higher shortfall at year end than budgeted which will need to be funded by the district operations reserve. Resource consent income is

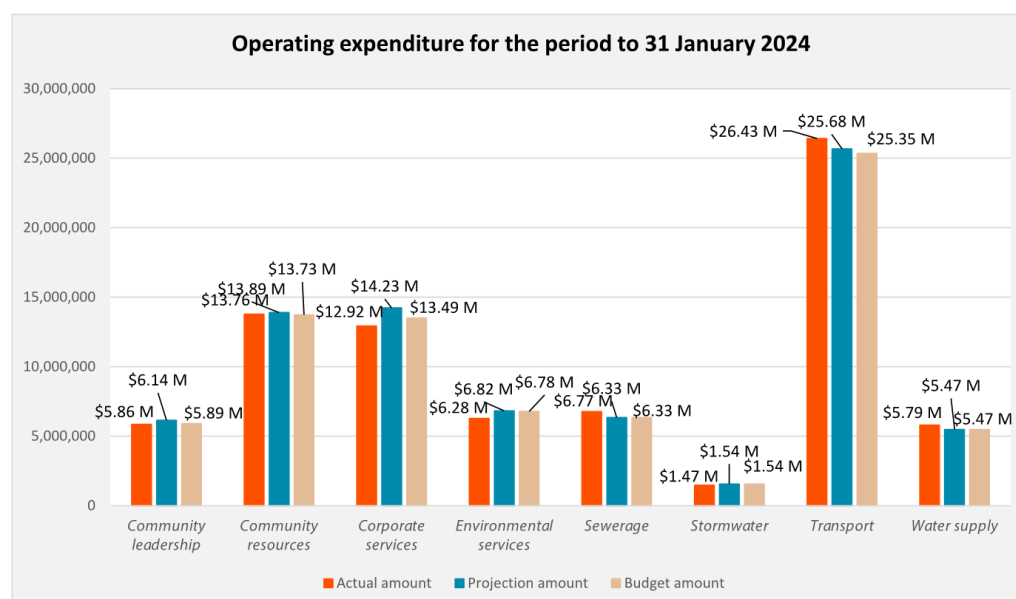
Financial report – January 2024

below projection due to fewer consent applications being processed compared to last year and work is being done to ensure invoicing is up to date.

- **transport** income is \$563K (3%) more than projection largely as a result of roading work being completed earlier than expected as well as additional income received from Waka Kotahi in relation to the September flooding event
- **water supply** income is \$72K (2%) less than projection due to lower water usage to date, principally in the Te-Anau rural water area as well as a rates adjustment following the divestment of the Matuku scheme. It is assumed the lower water consumption is due to a wetter summer.

Expenditure

Operating expenditure for the seven month period to 31 January 2024 is \$819 thousand (1%) below projection for the period to date (\$79 million actual vs \$80 million projection). The key reasons for the variances are discussed below.



- **community leadership** operating expenditure is \$285K (5%) lower than projection. The underspend relates to lower staff costs, travel, training and general project costs incurred
- **community resources** operating expenditure is \$125K (1%) below projection. This is made up of a range of underspends across the various sub activities:
 - parks and reserves operating expenditure is under projection (\$116K) mainly due to the work only just starting on the Curio Bay master plan (\$50K) as well as an underspend in maintenance across the district
 - lower fuel costs for SIESA than projected (\$100K) due mainly to the price per litre being less than budgeted.
 - streetscapes operating expenditure is \$88K under projection mainly due to lower maintenance costs in Te Anau (\$51K), the timing of gardening work in Lumsden (with the contractor expected to be working on site over the next couple of months) and a \$19K underspend on the Surfie statue in Colac Bay with a decision yet to be made on its repair/replacement

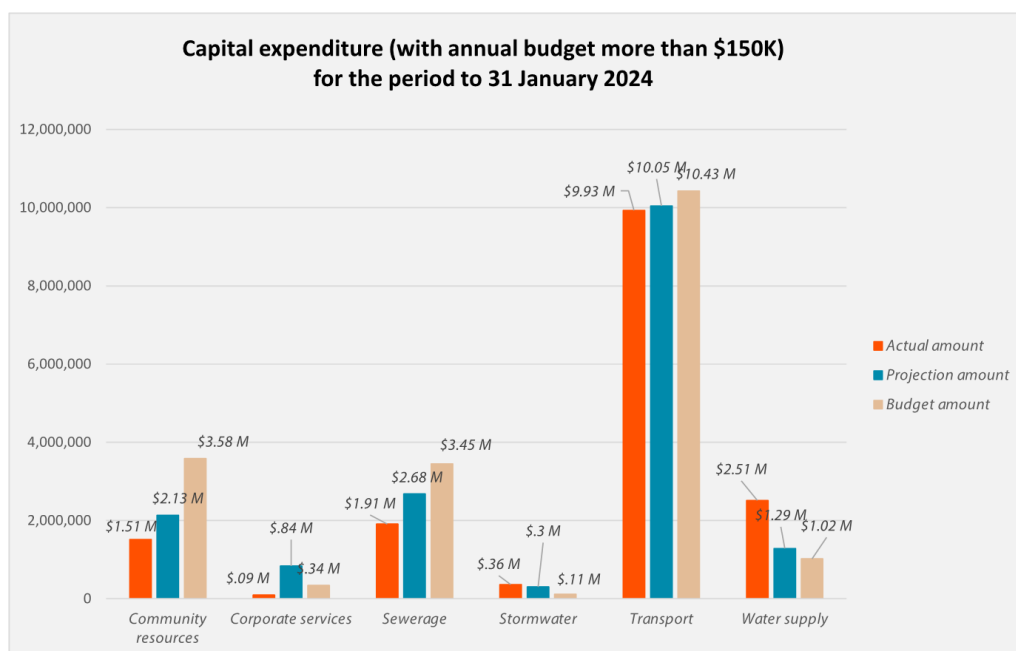
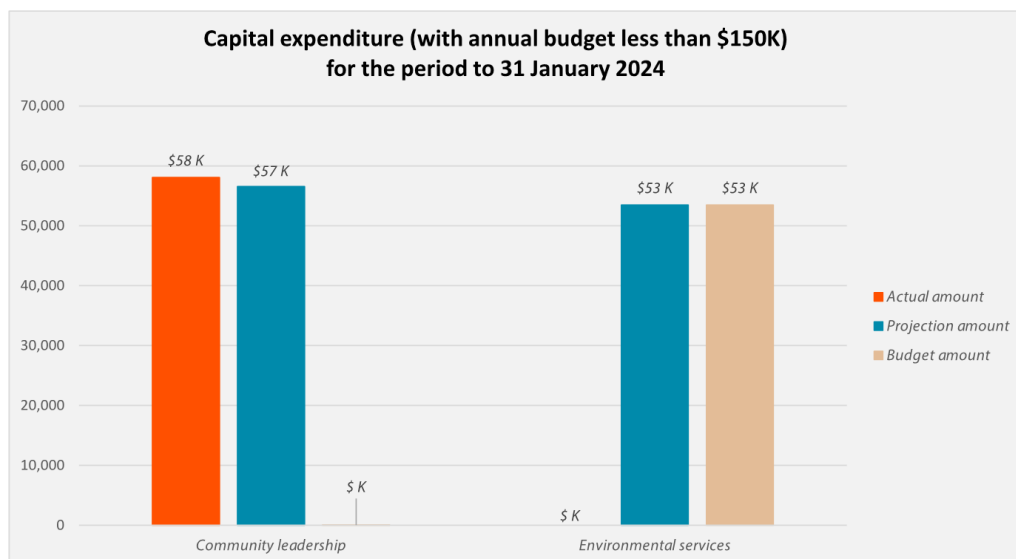
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- lower toilet maintenance costs (\$63K)
- library services operating expenditure is \$52K under projection mainly due to lower overall staff costs
- other property operating expenditure is \$156K over projection due to increased commission and consultant costs relating to the Luxmore disposal as well as costs associated with other property sales which are yet to be recovered
- community housing operating expenditure is \$92K over projection due to additional maintenance costs to refurbish units at Otautau, Riverton, Tuatapere and Wyndham. Any overspend at year end is expected to be ne funded from reserves
- waste services is \$86K over projection due to increased kerbside collection costs and higher waste disposal costs.
- **corporate services** operating expenditure is \$1.3M (9%) under projection. \$1.2M of this is due to the way that internal loan interest income is currently shown in the accounts. Councils budget, reflected Council implementing its investment policy in one go, Council subsequently decided to stage the implementation which means that some interest still needs to be reflected as internal. Staff will make some changes to display in the next reporting period. The remainder relates to lower overall staff costs
- **environmental services** operating expenditure is \$541K (8%) below projection due to lower staff costs resulting from staff vacancies in environmental health, resource planning and building solutions
- **sewerage** operating expenditure is \$439K (7%) above projection due to higher maintenance costs as well as additional operating costs at Edendale/Wyndham resulting from damage to the site which will be recovered via an insurance claim
- **stormwater** operating expenditure is \$71K (5%) under projection mainly due to condition assessment costs not yet being incurred
- **transport** operating expenditure is \$748K (3%) over projection. Sealed and unsealed pavement maintenance are over projection due to the timing of the work being ahead of programme. Emergency re-instatement costs are above projection due to the September floods with additional funding being applied for with Waka Kotahi
- **water supply** operating expenditure is \$323K (6%) over projection with increased costs to repair a pipe on Riverton bridge (\$148K) to be recovered by insurance. Rural water costs are higher than projection due to increased routine and unplanned maintenance required.

Capital expenditure (CAPEX)

Capital expenditure for the seven month period to 31 January 2024 is \$1 million (6%) under projection (\$16.4 million actual vs \$17.4 million projection). The key reasons for the variances in each activity area are discussed below.

Financial report – January 2024



- **community resources** capital costs are \$621K (29%) below projection. \$237K of this is due to differences in the timing of playground projects in Lumsden, Ohai and Winton which are expected to start shortly. A further \$204K relates to the timing of construction of the Horseshoe Bay track project which is currently in progress. SIESA transmission and generation renewal programmes are \$113K below projection with this work expected to be completed by year end.
- **corporate services** capital costs are \$745K (89%) below projection mainly due to the timing of the implementation of the new financial management information system with limited costs incurred to date. These are displayed under operating expenditure, as under current accounting rules, software used in the cloud is an operational cost rather than capital expenditure.

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- **sewerage** capital costs are \$771K (29%) below projection. The main variances relate to the Riversdale upgrade which is near completion with only electrical work and commissioning to be undertaken. The remaining variance relates to the timing of the projects for Winton and Balfour treatment plant upgrades which are still in the initial stages
- **stormwater** capital costs are \$59K (20%) above projection. The variance relates to stormwater renewals in Mossburn, Winton and Te Anau which have all been completed earlier than projected
- **transport** capital costs are \$114K (1%) under projection with a range of unders and overs in footpaths, roading and the airport contributing to the variance as follows:
 - footpaths are under projection (\$358K) due to the timing of a number of projects which are expected to begin construction in February
 - roading pavement renewals are over projection (\$1.5m) due to prior year carry over work being undertaken and construction works commencing earlier than forecast
 - roading drainage renewals are under projection (\$924K) mainly because the budgets are expected to be needed to keep within the overall NZTA three year programme and therefore are planned to be used to offset higher maintenance costs (caused by inflationary pressures)
 - traffic services are under projection (\$41K) due to a slower start to the road marking programme
 - airport costs are over projection (\$55K) due to crack sealing work being carried out to hold the runway over until it is sealed
- **water supply** capital costs are \$1.2M (95%) above projection. This is a timing difference with delivery of AC (asbestos cement) pipe renewals for Te Anau and Sinclair Ave Nightcaps stage 2 being completed ahead of planned.

Council summary by Activity Group

Southland District Council financial summary
for the period to 31 January 2024

Operating income									
Activity	YTD					FYB			
	Actual amount	Projection amount	Budget amount	Variance	Var %	Projection amount	Budget amount	Variance	Var %
Community leadership	5,969,810	5,820,842	5,605,253	148,967	3%	10,998,117	10,760,650	(237,467)	(2%)
Community resources	14,656,120	12,880,296	13,460,156	1,775,824	14%	22,434,786	23,509,254	1,074,468	5%
Corporate services	14,999,839	15,314,036	14,033,549	(314,197)	(2%)	24,903,703	23,610,640	(1,293,063)	(5%)
Environmental services	6,086,344	6,601,557	6,601,557	(515,213)	(8%)	11,561,684	11,522,744	(38,940)	(0%)
Sewerage	4,587,409	4,530,929	4,530,929	56,479	1%	7,777,307	7,777,307	0	0%
Stormwater	854,123	848,317	848,317	5,806	1%	1,484,258	1,484,258	(0)	(0%)
Transport	21,690,031	21,127,439	20,385,570	562,592	3%	42,166,772	40,174,826	(1,991,945)	(5%)
Water supply	3,853,165	3,924,792	3,924,792	(71,627)	(2%)	6,828,215	6,828,215	(0)	(0%)
Total	\$72,696,842	\$71,048,209	\$69,390,124	1,648,632	2%	\$128,154,842	\$125,667,895	(2,486,947)	(2%)
Operating expenditure									
Activity	YTD					FYB			
	Actual amount	Projection amount	Budget amount	Variance	Var %	Projection amount	Budget amount	Variance	Var %
Community leadership	5,856,221	6,141,203	5,891,895	(284,982)	5%	11,172,351	10,804,039	(368,313)	(3%)
Community resources	13,763,206	13,888,517	13,726,599	(125,311)	1%	23,933,758	23,759,894	(173,863)	(1%)
Corporate services	12,919,380	14,226,216	13,490,748	(1,306,835)	9%	23,149,407	22,158,519	(990,888)	(4%)
Environmental services	6,278,512	6,819,807	6,783,520	(541,295)	8%	11,982,945	11,799,555	(183,390)	(2%)
Sewerage	6,768,495	6,329,056	6,329,056	439,439	(7%)	10,663,021	10,663,021	0	0%
Stormwater	1,472,407	1,543,478	1,543,478	(71,071)	5%	2,699,108	2,699,108	0	0%
Transport	26,425,249	25,677,567	25,348,658	747,682	(3%)	44,282,122	43,786,068	(496,054)	(1%)
Water supply	5,794,689	5,471,621	5,471,621	323,067	(6%)	9,232,397	9,232,397	(0)	(0%)
Total	\$79,278,158	\$80,097,465	\$78,585,575	(819,307)	1%	\$137,115,108	\$134,902,600	(2,212,508)	(2%)
Net surplus/deficit	(\$6,581,317)	(\$9,049,256)	(\$9,195,451)	2,467,939	1%	(\$8,960,266)	(\$9,234,705)	(274,439)	(0%)
Capital expenditure									
Activity	YTD					FYB			
	Actual amount	Projection amount	Budget amount	Variance	Var %	Projection amount	Budget amount	Variance	Var %
Community leadership	58,063	56,564	1	1,499	3%	106,564	50,001	(56,563)	(53%)
Community resources	1,512,901	2,133,874	3,584,188	(620,973)	(29%)	11,029,368	13,126,265	2,096,897	19%
Corporate services	92,408	837,901	338,461	(745,493)	(89%)	1,701,545	845,361	(856,184)	(50%)
Environmental services	-	53,477	53,477	(53,477)	(100%)	291,675	291,675	(0)	(0%)
Sewerage	1,909,888	2,681,398	3,450,896	(771,510)	(29%)	6,471,729	8,304,139	1,832,410	28%
Stormwater	359,917	300,036	111,490	59,881	20%	2,166,970	805,221	(1,361,749)	(63%)
Transport	9,932,961	10,047,381	10,428,909	(114,420)	(1%)	28,609,647	25,918,946	(2,690,701)	(9%)
Water supply	2,511,892	1,285,457	1,020,750	1,226,435	95%	5,267,342	4,735,904	(531,438)	(10%)
Total	\$16,378,030	\$17,396,088	\$18,988,170	(1,018,058)	(6%)	\$55,644,840	\$54,077,512	(1,567,328)	(3%)

ACTIVITY GROUPS AND ACTIVITIES						
This table details what is included in the various LTP activities used for this report						
Activity	Community leadership	Community resources	Environmental services	Transport	Waste water (sewerage)	Water supply
Activity	Community assistance (includes Community Partnership Fund which supports local initiatives and projects, along with grants and donations) Community futures (includes district development services which includes community leadership, regional development funding and Stewart Island Visitor Levy) Representation and advocacy (includes governance, elected members, elections and chief executive)	Community facilities (includes public toilets, community centres/halls, office/library/amenity buildings and dump stations) Community services (includes cemeteries, community housing and library services) Open spaces (including parks, reserves, playgrounds and streetscapes) Waste services Stewart Island Electrical Supply Authority (SIESA)	Animal control Building solutions Emergency management Environmental health	Airport Cycle trails Footpaths Roading Water facilities (includes boat ramps, Riverton Harbour and Stewart Island Jetties)		
Corporate services (shared across all activities) Includes customer and corporate support (such as people and capability, communications, strategy and policy, finance, information management) and forestry.						

Statement of comprehensive income

Statement of comprehensive revenue and expenses for the period to 31 January 2024					
	YTD			FYB	
	Actual amount	Projection amount	Budget amount	Projection amount	Budget amount
Revenue					
Rates revenue	36,847,600	37,136,947	37,136,947	63,693,337	63,693,336
Other revenue	11,193,512	10,170,405	8,684,969	13,866,478	12,381,042
Interest and dividends	366,768	17,500	17,500	1,911,430	1,911,430
NZ Transport Agency funding	9,834,838	9,052,680	8,333,440	21,195,050	19,181,500
Grants and subsidies	1,383,065	1,438,128	1,921,877	3,845,371	4,791,822
Other gains/losses	409,618	465,901	418,861	937,627	818,047
Vested assets	0	0	0	0	0
Development and financial contributions	0	0	20,201	3,200	34,630
	60,035,399	58,281,561	56,533,795	105,452,494	102,811,807
Expenditure					
Employee benefit expense	11,588,074	12,325,320	12,325,320	20,102,126	20,102,126
Depreciation and amortisation	22,102,951	22,082,753	22,082,753	37,856,149	37,856,149
Finance costs	516,424	1,930,454	1,930,454	3,309,350	3,309,349
Other Council expenditure	32,409,267	30,992,289	29,390,718	53,145,135	50,778,888
	66,616,716	67,330,817	65,729,245	114,412,760	112,046,512
Total comprehensive income	(6,581,317)	(9,049,256)	(9,195,451)	(8,960,266)	(9,234,705)

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 by Activity Group on page 10 due to the elimination of the internal transactions. However, the net surplus/deficit (as per the Council summary by Activity Group) 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 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 prepares activity funding impact statements. These statements are prepared under the Financial Reporting and Prudence Regulations 2014. This regulation requires that internal charges and overheads recovered be disclosed separately. The Council summary by Activity Group 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 draft financial position as at 31 January 2024 is detailed below which covers Southland District Council and SIESA financial results. As such this differs from the comparative period (30 June 2023) Annual Report, which includes Council's share of Wastenet operations.

Southland District Council
Statement of financial position
as at 31 January 2024

	Actual 31-Jan-24	Actual 30-Jun-23
Equity		
Retained earnings	705,873,370	712,454,687
Asset revaluation reserves	1,390,862,558	1,390,862,558
Other reserves	42,744,916	42,744,916
Share revaluation	4,525,778	4,525,778
	<u>2,144,006,624</u>	<u>2,150,587,939</u>
Represented by:		
Current assets		
Cash and cash equivalents	5,114,553	11,510,999
Trade and other receivables	10,649,035	8,062,475
Inventories	128,858	128,858
Other financial assets	1,594,887	1,954,188
Property, plant and equipment	-	-
	<u>17,487,333</u>	<u>21,656,520</u>
Non-current assets		
Property, plant and equipment	2,149,450,028	2,154,268,115
Intangible assets	4,576,552	4,597,266
Forestry assets	13,420,000	13,420,000
Internal loans	60,281,106	60,281,106
Work in progress	315,092	1,264,934
Investment in associates	2,083,367	2,083,367
Other financial assets	545,000	545,000
	<u>2,230,671,145</u>	<u>2,236,459,788</u>
Total assets	<u>2,248,158,479</u>	<u>2,258,116,309</u>
Current liabilities		
Trade and other payables	6,417,010	10,696,372
Deferred revenue	3,031,428	2,223,719
Contract rententions and deposits	574,488	514,957
Employee benefit liabilities	2,609,960	2,609,960
Development and financial contributions	1,058,607	1,023,000
Borrowings	-	0
Provisions	3,333	3,333
	<u>13,694,826</u>	<u>17,071,341</u>
Non-current liabilities		
Employment benefit liabilities	10,502	10,502
Provisions	8,365,422	8,365,422
Internal loans - liability	60,281,106	60,281,106
Borrowings	21,800,000	21,800,000
	<u>90,457,029</u>	<u>90,457,029</u>
Total liabilities	<u>104,151,855</u>	<u>107,528,370</u>
Net assets	<u>2,144,006,624</u>	<u>2,150,587,939</u>

Financial report – January 2024

Statement of cash flows

Statement of cashflows for the period to 31 January 2024		
	2023/24	2023/24
	YTD Actual	FY AP Budget
Cash flows from operating activities		
Receipts from rates revenue	33,805,419	63,693,337
Receipts from other revenue (including NZTA)	20,433,530	35,830,994
Cash receipts from interest and dividends	366,768	1,911,430
Payments to suppliers and employees	(47,212,259)	(70,486,381)
Interest paid	(516,424)	(3,309,350)
GST general ledger (net)	2,271,909	-
Net cash inflow (outflow) from operating activities	9,148,944	27,640,031
Cash flows from investing activities		
Receipts from sale of PPE	409,618	348,047
(Increase)/decrease other financial assets	359,301	-
Purchase of property, plant and equipment	(16,335,022)	(54,077,512)
Purchase of forestry assets	-	-
Acquisition of investments	-	85,159
Purchase of intangible assets	20,714	-
Net cash inflow (outflow) from investing activities	(15,545,389)	(53,644,306)
Cash Flows from financing activities		
Increase in term loans	-	27,344,237
Repayment of term loans	-	-
Increase/(decrease) finance leases	-	-
Net cash inflow (outflow) from financing activities	-	27,344,237
Net increase/(decrease) in cash and cash equivalents	(6,396,446)	1,339,963
Cash and cash equivalents at the beginning of the year	11,510,999	236,232
Cash and cash equivalents at the end of January	5,114,553	1,576,195

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Cash and cash equivalents

- At 31 January 2024, Council had \$1,190 cash on hand.
- Funds on call at 31 January 2024:

Funds on call				
	Amount	Bank	Account	Interest rate
SDC	\$ 4,298,233	BNZ	Funds on call	1.25%
	\$ 10,000	BNZ	Operating bank acc	0.05%
	\$ 578,150	BNZ	Restricted funds acc	0.05%
SIESA	\$ 226,980	BNZ	Funds on call	0.05%
Total	\$ 5,113,363			

Reconciliation to statement of financial position	Amount
Cash and cash equivalents	
<i>Current assets</i>	
SDC Cash on hand (Note 1)	\$ 1,190
Funds on call (Note 2)	\$ 5,113,363
Total cash and cash equivalents per the statement of financial	\$ 5,114,553

Other financial assets

- At 31 January 2024, Council had no term deposits.
- At 31 January 2024, SIESA had \$1.1 million invested in four term deposits as follows:

SIESA investments - term deposits				
Bank	Amount	Interest rate	Date invested	Maturity date
BNZ	\$ 250,000	6.10%	5-Sep-23	5-Apr-24
BNZ	\$ 370,000	6.35%	1-Jun-23	4-Jun-24
BNZ	\$ 300,000	6.02%	12-Jan-24	12-Jul-24
BNZ	\$ 250,000	5.90%	2-Feb-24	2-Aug-24
Interest to be re-allocated	-\$ 9,301			
Total	\$ 1,160,699			

- At 31 January 2024, Council had \$545,000 of LGFA borrowers notes as follows:

LGFA Bonds				
	Amount	Interest Rate	Establishment date	Maturity Date
LGFA	\$ 210,000	3.14%	15-Dec-21	15-Apr-36
LGFA	\$ 210,000	3.10%	15-Dec-21	15-May-35
LGFA	\$ 87,500	5.48%	12-Apr-23	8-Jul-24
LGFA	\$ 37,500	5.99%	17-Apr-23	8-Jul-24
Total	\$ 545,000			

Financial report – January 2024

Reconciliation to statement of financial position	Amount
Other financial assets	
<i>Current assets</i>	
SDC Investments (Note 3)	\$ -
SIESA Investments (Note 4)	\$ 1,160,699
Loans - community	\$ -
Civic Assurance shares	\$ 12,191
Milford Sound Tourism shares	\$ 421,997
Total current financial assets per the statement of financial position	\$ 1,594,887
<i>Non - Current assets</i>	
LGFA bonds (Note 5)	\$ 545,000
Loan advances - Development contributions	-\$ 0
Total non-current financial assets per the statement of financial position	\$ 545,000

External Borrowings

SDC Borrowings				
Lender	Amount	Interest Rate	Date Drawdown	Maturity Date
LGFA	\$ 3,500,000	5.48%	12-Apr-23	8-Jul-24
LGFA	\$ 1,500,000	5.99%	17-Apr-23	8-Jul-24
LGFA	\$ 8,400,000	3.49%	15-Dec-21	15-Apr-36
LGFA	\$ 8,400,000	3.45%	15-Dec-21	15-May-35
Total	\$ 21,800,000			

Reconciliation to statement of financial position	Amount
Borrowings	
<i>Current liabilities</i>	
Borrowings	\$ -
<i>Non-current liabilities</i>	
Borrowings	\$ 21,800,000
Total borrowings per the statement of financial position	\$ 21,800,000

Compliance with Council policies

Council's Investment and Liability Management Policy states that Council can invest no more than \$10 million with one bank. Investments and funds on call at 31 January 2024, comply with the SDC Investment and Liability Management Policy (\$6,283,363 invested in BNZ).

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Draft Financial and Infrastructure strategies for the Long Term Plan (LTP) 2024-2034

Record no: R/24/3/11141

Author: Robyn Laidlaw, Corporate performance lead

Approved by: Anne Robson, Group manager finance and assurance

☐ Decision

☒ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is seeking the endorsement of the Finance and Assurance Committee (the committee) of the draft infrastructure strategy and the draft financial strategy, as part of the supporting information for the Long Term Plan 2034 (LTP 34), for release to the auditors and for the consultation process.

Executive summary

- 2 The draft infrastructure strategy (**Attachment A**) describes how Council intends to manage its infrastructure assets and associated expenditure needs, over a 30 year period, taking into account a range of factors that impact on the nature and cost of infrastructure provision.
- 3 The draft infrastructure strategy has been re-written following a gap analysis completed at the beginning of 2023. The draft strategy was prepared with Activity managers, General Managers and the LTP team and considers the significant issues facing Council over the next 30 years. Workshops and discussions with Council over the past 14 months in preparation for LTP 34 have informed the draft infrastructure strategy.
- 4 The draft Financial strategy (**Attachment B**) provides a guide for considering proposals for funding and expenditure. The draft financial strategy provides transparency to the overall effects of proposals on services, rates, debt, investments and balancing revenue and expenses.
- 5 The draft Financial strategy has been prepared following an initial workshop in May 2023 then through the discussions at the subsequent workshops held over the past 14 months while preparing documents for LTP 34.
- 6 The draft financial strategy presents the financial consequences of Council's infrastructure strategy, policy and service delivery decisions in the LTP and supporting funding/financial policies on Council's financial status over the period.
- 7 Section 101B of the Local Government Act 2002 (LGA) requires every council to prepare and adopt an infrastructure strategy for a period of at least 30 years. Section 101A of the LGA requires Council to prepare and adopt a financial strategy for a period of at least 10 years. Both strategies will form part of the final LTP, when it is adopted by Council in the proposed extended date of August 2024.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Draft Financial and Infrastructure strategies for the Long Term Plan (LTP) 2024-2034”.**
- 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 endorse the draft infrastructure strategy, including any amendments agreed at this meeting, as information that provides the basis for the preparation of the Long Term Plan 2034 and consultation document in accordance with Section 93G of the Local Government Act 2002.**
- e) Agrees to endorse the draft financial strategy, including any amendments agreed at this meeting, as information that provides the basis for the preparation of the Long Term Plan 2034 and consultation document in accordance with Section 93G of the Local Government Act 2002.**

Background

Infrastructure strategy

- 8 All councils are required by legislation to adopt an infrastructure strategy and review it every three years, as part of their LTP process. The infrastructure strategy describes how a local authority intends to manage its infrastructure assets, and associated expenditure needs, over the 30 year period of the strategy, taking into account a range of factors that impact on the nature and cost of infrastructure provision. The strategy will guide Council’s decision making and help communities understand how Council manages its assets.
- 9 The process to develop Council’s infrastructure strategy began in 2023 with a gap analysis being completed by Morrison and Low. This was followed with a re-write of the draft strategy by Terry Howes, working alongside Southland District Council (SDC) staff. As part of this, workshops and discussions with Council and Council staff were held over the past 14 months to inform the strategy.

Financial strategy

- 10 As with the infrastructure strategy, Council must prepare and adopt a financial strategy every three years, as part of the LTP process. The financial strategy shows how a local authority intends to manage its finances prudently over the 10-year period of the LTP, and the impact of funding and expenditure proposals on rates, debt, levels of service, investments and the balancing of revenue to

expenditure. The strategy also sets limits on rates and debt that provide a guide for considering proposals over the period of the LTP.

- 11 The approach taken in the Financial Strategy has changed in recent months further to the repeal of the Water Entities Act and related legislation by the incoming government. Originally Council was discussing the Long Term Plan approach allowing for only two years of three waters assets. With the repeal of the act, a further eight years has had to be incorporated, leading to additional discussions around the potential impact.
- 12 The financial strategy was initially workshopped in May 2024, with Council indicating that it was generally happy with the direction of the previous strategy. The financial strategy at that point would have seen Council generally meeting its operational costs from its operational revenue, debt would have been significantly less even the 2023/24 levels and rates over the course of the plan would have been a relatively steady percentage increase.
- 13 In anticipation of the legislation change, Council again discussed the strategy this year, reflecting on the three waters impact on the key financial areas. As a result of these discussions and the guidance received from the Committee, this draft financial strategy now reflects discussions to cap the capital programme annually to limit debt from increasing over the 175% debt covenant currently in existence. Additionally, to address rate affordability, the strategy is looking to continue to phase in the funding of depreciation which sees the fully funding of critical assets depreciation by 2030/2031.
- 14 This strategy is currently in draft form, and will be updated to reflect the financial changes as a result of the submission hearings and deliberations by Council in June/July 2024. With adoption occurring as part of the proposed LTP 34 adoption meeting of 21 August 2024.
- 15 Overall the strategy continues to grapple with how to fund the considerable infrastructure investment needed without exceeding the community's ability to pay. This is within the setting of having a large geographic area with multiple networks to maintain, funded by a small and relatively static population base.
- 16 Within this plan, the increased financial pressures of high inflation costs in recent years along with continued high investment needed particularly in the wastewater activities to meet increasing environmental standards sees capital projects and debt increasing significantly over the 10 years which is putting pressure on our debt limit of 175% of operating revenue. As noted above this has resulted in a cap being proposed on capital expenditure which will result in Council seeking an extension to its resources consents with Environment Southland and the removal and deferral of some projects.
- 17 A summary of the key financial targets and limits set out in the draft strategy attached are:
 - Lifting our rate increase limits to 14% in year one, 11% in years two and three and retaining 8% for the remainder of the period.
 - Maintaining our net borrowings limit at 175% of operating income
 - Placing a limit on our capital expenditure of \$80 million per annum
 - Continuing to recognise the rates pressures on our communities by continuing to not fully fund the annual cost of using our critical assets from rates. This results in water and

wastewater funding increasing by 5% annually until fully funded towards the end of the 10 years.

- Look to achieve a balanced budget by 2031/32 by ensuring our operating income is enough to cover our operating expenses
- Finding ways to increase revenue from other sources and work collaboratively with other other councils and central government to advocate for a sustainable funding model for local government and support new ways to deliver core services affordably.
- stop using funds collected for wastewater asset replacements to pay interest costs for our wastewater level of service borrowings. This was originally meant to be a short-term strategy to reduce rates while we worked towards fully funding depreciation. However as interest rates have increased as well as the amount of debt we've taken on, we need to apply these funds to our renewal work. Instead we are aiming to meet the annual cost of borrowing from rates from year three onwards.

- 18 The draft financial strategy is both an enabler, in that it sets out the proposed funding for activities, as well as being a constraint, in that it provides top-down direction and limits on rates and debt.
- 19 Limits on rates and debt have been proposed by staff, considering feedback provided by both Council and members of the Finance and Assurance Committee over the past few months. The limits have been set at a level to deliver the projects and programmes contained in the LTP and infrastructure strategy as they currently stand, noting that the level of rates increase has been a key factor in the prioritisation of expenditure programmes, and also reductions in some corporate budgets.
- 20 The infrastructure and financial strategies inform one another. These strategies tell a story about Council's levels of service (LoS), costs, risks and trade-offs. The draft financial strategy addresses limits for rating increases and borrowing. The infrastructure strategy presents the key challenges, significant decisions that need to be made, the principal options, and the implication of these options. These documents set out the key challenges facing the District and the approach Council will take in addressing these issues.

Issues

Framework of the infrastructure strategy

- 21 The focus of an infrastructure strategy is on significant matters; it is a high level document that is not expected to cover everything. The following criteria help to inform what is included in the strategy as a significant issue:
- the cost involved in addressing the issue – the larger the cost, the higher the degree of significance
 - the impact on the levels of service – the bigger the impact on levels of service, the higher the degree of significance
 - the degree of risk involved in the issue – what's the risk if the issue is not addressed? The bigger the risk, the higher the degree of significance

- impact on achievement of Council's strategic priorities - the bigger the impact on achieving strategic priorities, the higher the degree of significance.

- 22 The assets and services covered in this strategy include the core infrastructure assets and activities of roads and footpaths and the water services activities (water supply, wastewater and stormwater). Additionally, the community infrastructure assets and activities covered in this strategy are waste services, community services, open spaces, community facilities, Stewart Island Electrical Supply Authority (SIESA) and water facilities
- 23 The asset condition and performance, strategic issues and priorities, key risks, and levels of service are explained for each of these activities.

Strategy Summary

- 24 The draft infrastructure strategy sets out to look after what we have until the end of life of the asset or a review of the assets suggests a change in the level of service or that the asset may need to be divested. The significant issues affecting Council's ability to build, operate and maintain its infrastructure assets is discussed, as well as Council's response to these issues over the course of the strategy. The five significant issues for Council's infrastructure are:
- The cost associated with managing, maintaining and upgrading infrastructure assets
 - infrastructure deficits
 - changing government priorities and legislation
 - the changing climate
 - resilience.
- 25 The strategic context that Council is operating within includes those posed by demographic changes, tourism, new technologies, economic activity and constraints, and infrastructure resilience. The impact of the changing climate on Council's infrastructure activities and assets is also addressed.
- 26 The principal options and the most likely scenario for managing these issues are highlighted. The financial summary section provides capital and operating expenditure estimates for each activity group across the 30 years of the strategy.

Framework of the financial strategy

- 27 The strategy has three key parts:
- Financial landscape - where Council is starting from, where Council is heading and what issues Council is facing.
 - What Council is working towards and what needs to be done over the next 10 years
 - Council's financial situation as a result of its approach to managing expenditure (capital and operating) and funding (rates, debt, other revenue, reserves and investments) including proposed rate and debt limits.

- 28 Taken together, this information outlines the funding and expenditure thresholds that Council will operate within and paints a picture of Council's financial situation and how this will change over the period of the LTP.
- 29 The factors that may have a significant impact (a) are closely aligned with the infrastructure strategy and include the scale of the capital expenditure programme required to meet increasing regulatory standards and maintain levels of service, the changing climate and the capacity of the relatively small population to fund all of the infrastructure costs in terms of rates affordability.
- 30 The ability to provide and maintain LoS, and meet additional demand for services (b), eg, providing essential infrastructure, has been provided for in the LTP 2034 draft operating and capital budgets, within the rate and debt limits proposed.

Factors to consider**Legal and statutory requirements**

- 31 Before adopting the LTP consultation document, the local authority must prepare and adopt the information that is relied on to produce the consultation document (LGA s.93G). The infrastructure and financial strategies form part of this information.

Infrastructure strategy

- 32 The infrastructure strategy is a legislative requirement pursuant to s.101B of the LGA. The mandatory content of the infrastructure strategy includes the need to:
- explain any renewals or replacements of existing assets
 - respond to growth or decline in demand for services reliant on those assets
 - allow for planned increases or decrease in levels of service provided through these assets
 - maintain or improve public health and environmental outcomes or mitigate adverse effects on them
 - provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.
- 33 The strategy must identify the asset scenario that Council considers is most likely to occur and show indicative estimates of the capital and operating expenditure required to manage infrastructure assets in that scenario. Expenditure estimates must be on an annual basis for the first 10 years, but may be in five-year blocks for the subsequent 20 years.
- 34 The strategy must also:
- estimate the timing and cost of significant capital expenditure decisions the local authority expects to make under the scenario, and the options it will need to consider
 - identify major assumptions on which the most-likely-asset-scenario is based.
- 35 The strategy is required to address infrastructure assets for roads and footpaths and Three Waters activities. The community infrastructure assets and activities outlined at paragraph 11 have also been included, to provide a complete picture of Council's infrastructure assets.

Financial strategy

- 36 Section 101A(1) of the LGA requires all councils to prepare and adopt a financial strategy. The purpose of a financial strategy is to:
- facilitate prudent financial management by providing a guide for considering proposals for funding and expenditure; and
 - provide a context for consultation, by making transparent the overall effects of proposals on services, rates, debt and investments.
- 37 Section 101A(3) of the LGA sets out the information that must be contained in a financial strategy as noted in paragraph 29 of this report.
- 38 Council is required to follow the special consultative procedure (SCP) outlined in the LGA in relation to the LTP. The SCP requirements will be adhered to by:
- ensuring that the consultation document and supporting information are publicly available
 - providing an opportunity for people to present their views
 - having a consultation period not less than a month long.

Community views

- 39 The draft infrastructure and financial strategies will be made publicly available as part of the supporting information to the LTP 34 consultation document. As a result of submissions received, Council may decide to amend these strategies when it adopts The LTP in August 2024.
- 40 Both strategies and activity management plans (AMPs) have been informed by workshops held with Council and community boards over the past 14 months. This has ensured a high degree of community level input particularly given the role that boards have in terms of representing their communities of interest.

Costs and funding

- 41 The draft infrastructure strategy shows costs relating to infrastructure assets and activities over a 30 year period. It indicates a step change in investment is required in order to fund the works required to ensure Council's infrastructure is fit for purpose.
- 42 The draft infrastructure strategy and associated AMPs set out the expenditure required to deliver the LoS the community expects and therefore the funding needed. The draft financial strategy seeks to balance this expenditure with the call on funding from rates and debt.
- 43 These factors are inter-related and movement in one causes movement in at least one of the other variables. For example, if rates are reduced then some combination of reduced or delayed expenditure is required, which in turn will likely result in a reduced LoS being delivered, or increased debt.
- 44 The draft financial strategy and infrastructure strategy present the Council's proposed approach to these challenges and detail the key financial parameters and limits the Council will operate within over the period of the LTP 2034.

Policy implications

- 45 The LTP is Council's primary plan to strategically manage and develop the District. A number of strategies and policies inform the preparation of the LTP, of which the draft infrastructure strategy is a key pillar, alongside the financial strategy.
- 46 The financial strategy will determine the level of funding, rates, rates limits, debt, funding of depreciation and other financial impacts. These impact directly on the development of the LTP, including the level of capital works that could be undertaken over the 10 year period, and levels of service provided.

Analysis

Options considered

- 47 The following reasonably practicable options have been identified:
- **option 1** - endorse the draft infrastructure strategy and draft financial strategy to be used in the LTP 2034 consultation document, with amendments as required
 - **option 2** - do not endorse the draft infrastructure strategy and draft financial strategy as presented.

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Analysis of Options

Option 1 – endorse the draft infrastructure strategy and draft financial strategy to be used in the LTP 2031 consultation document, with amendments as required

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • the strategies provide additional information to the public about the LTP proposals for expenditure/funding to assist them to provide feedback on the consultation document • Council will be on track to meet its requirements under section 10 part 17 of the LGA • the draft strategies reflect Council and community board decisions around proposed expenditure and funding for the purposes of consultation • provides clarity on rates and debt limits • reflects Council's view of prudent financial management • Council will be closer to adopting a 30 year strategic vision for its assets. This will inform 	<ul style="list-style-type: none"> • if amendments are required, depending on the nature/extent of these, the adoption of the draft strategies and other related LTP document may be delayed • members of the public may find it difficult to understand which piece of supporting information to look at for further information.

and guide Council work and inform the community.	
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Option 2 – do not endorse the draft infrastructure strategy and draft financial strategy as presented

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> this option would give Council more time to consider and reflect would give clarity on Council's preferred approach. 	<ul style="list-style-type: none"> the strategies may not be available to interested parties to help them find more detail about the activity and how the LTP forecasts have been prepared the development of the key LTP strategies and policies may be delayed until the Council determines next steps for these strategies lack of clarity from governance on appropriate asset/financial management.

Assessment of significance

- 49 The policies recommend an approach to the consideration of Infrastructure and Financial discussions. They are being endorsed as part of the supporting information for the LTP 34. As such the community can review and comment on the direction being proposed and the implications of the implementation of the strategies on the asset planning and financial results incorporated into the LTP 34.

Recommended option

- 50 Staff recommend option 1, that the Committee endorse the draft infrastructure strategy and draft financial strategy as supporting information to the consultation document.

Next steps

- 51 The draft strategies will be reviewed by the auditors as part of the story telling exercise of the Long Term Plan and its consultation document.
- 52 The draft infrastructure strategy and draft financial strategy will be adopted by Council in August 2024, if the extension to the adoption date is approved by Council.
- 53 If the Committee endorses option 2, the next steps will depend on the changes or actions proposed.

Attachments

- A SDC Draft Infrastructure Strategy 34-54
- B Draft Financial Strategy 2024-34 Long Term Plan



Draft Infrastructure Strategy 2024-2054

(Looking after what we have)

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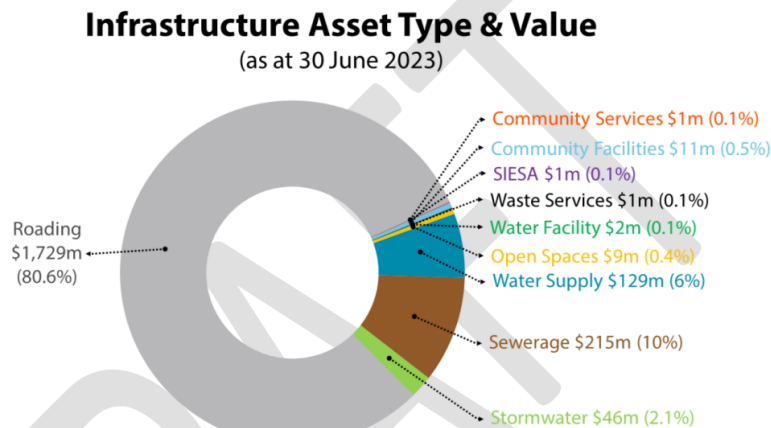
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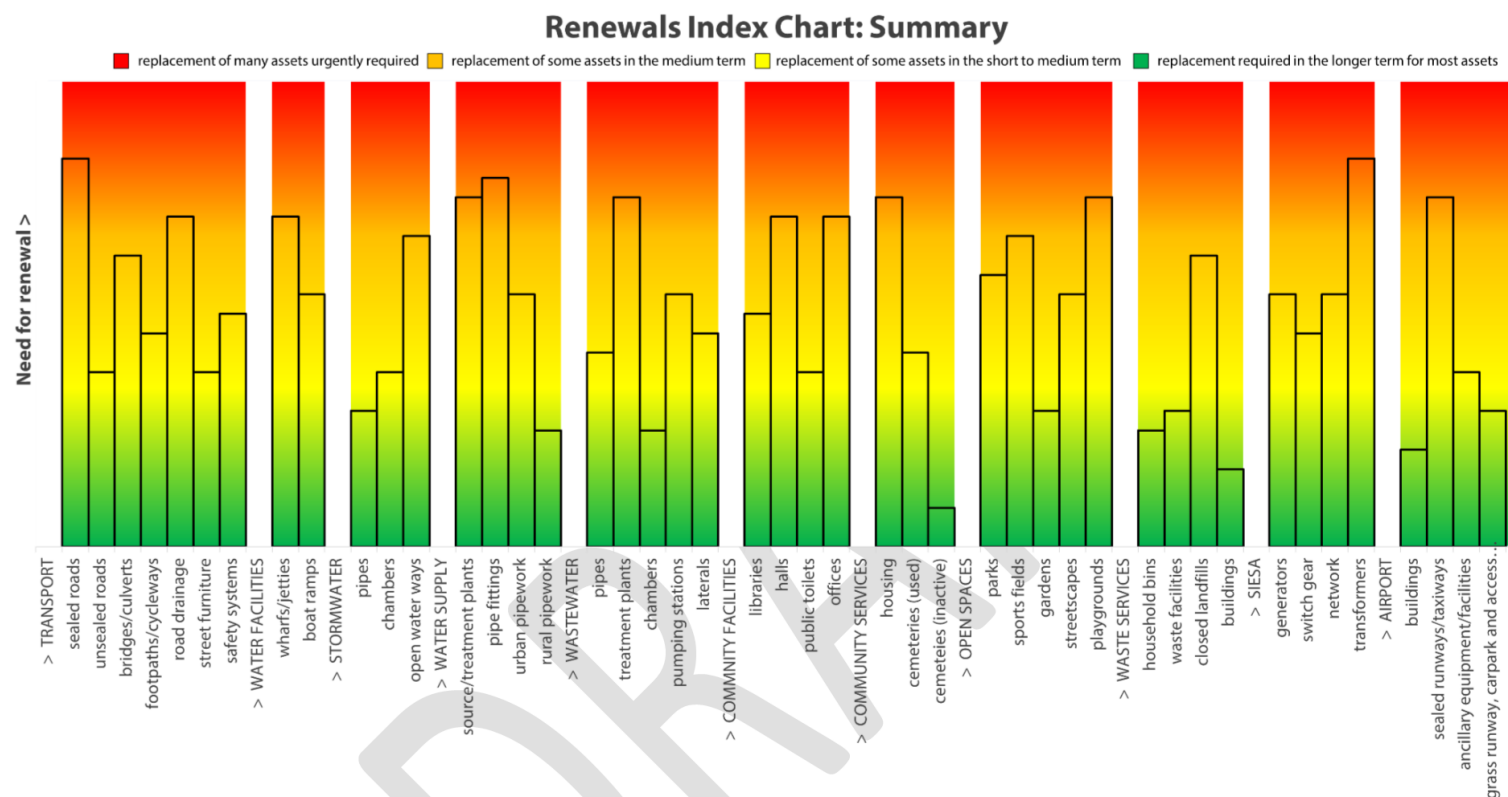
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1. Executive summary (what's important)

Southland District Council has, for its size of population, a large infrastructure asset base, dominated by the local road network. These infrastructure assets enable Council to deliver the services to the local communities to the agreed levels of service and performance standards. Unusually Council also owns and operates the electricity supplies to Stewart Island (known as SIESA). A summary of the assets include in this strategy is provided below:



The first step in developing Council's update of its Infrastructure Strategy is understanding and assessing the current state of its infrastructure assets. The evaluation of the condition, the current capacity, how the assets are performing set against the Council's agreed levels of service and or national standards are important factors to help Council identify gaps and prioritise areas for improvement.



The index chart provides an overview of the asset base and makes a high-level comparative assessment to identify the key areas to address in future Long Term Plans. From the above it is clear that the increased investment signalled in Council's previous infrastructure strategy in the transport activity for the maintenance and renewal of sealed roads and bridges remains the key priority for its 30-year strategy coincidentally this is by far the largest infrastructure asset group Council manages. The investment needed for the transport activity has a level of complexity as Council receives significant funding from the New Zealand Transport Agency (Waka Kotahi), future Council expenditure has to be considered along-side this central government funding available.

Other assets also require mitigation or investment to improve the condition and performance, however in some cases improved operational activities can reduce the risks or the investment needed is comparatively small compared to the transport activity.

Council has continued to improve its asset management, financial and monitoring systems to enable these assessments to be undertaken and this strategy provides guidance for Council's 2024 Long Term Plan. In developing the strategy for the 30-year planning period several factors need to be considered such as public health, safety, economic impact, climate change, and the community needs as well as assessing and improving the resilience of its assets.

This Infrastructure Strategy sets out to address the identified needs based on the assessments undertaken, is aligned with overall Council objectives and community outcomes and yet tries to be flexible enough to accommodate, improved ways of doing things, advances in technology and engineering practices and current and future economic and regulatory conditions.

Infrastructure replacement and improvements is the largest single expenditure Council faces, and it is important that the Long-Term Plan developed is affordable to Council, to the community and the wider economy of the Southland region. New infrastructure assets are also required to meet resource consent requirements, improve levels of service and to support growth within the district, however these are expected to be a small component compared to the renewals / replacement programmes. Council has considered all funding options as it developed its 30-year infrastructure strategy.

Key projects and programmes

- sealed roads maintenance programme
- sealed roads rehabilitation programme
- bridge renewals programme
- water supply and wastewater asset renewals
- Stewart Island electricity generation replacement
- office building replacement
- closed landfill protection/ removal programme
- wastewater treatment upgrades
- Stewart Island, Golden Bay Development

Having identified the projects and funding streams required, Council is also mindful that it is important to manage the individual projects and programmes of work effectively to ensure they are completed to time, to budget and to the required quality and performance. Council has developed a Project Delivery Team (PDT) to help achieve this. The team is guided by the Capital Programme Delivery Governance Group (CPDGG).

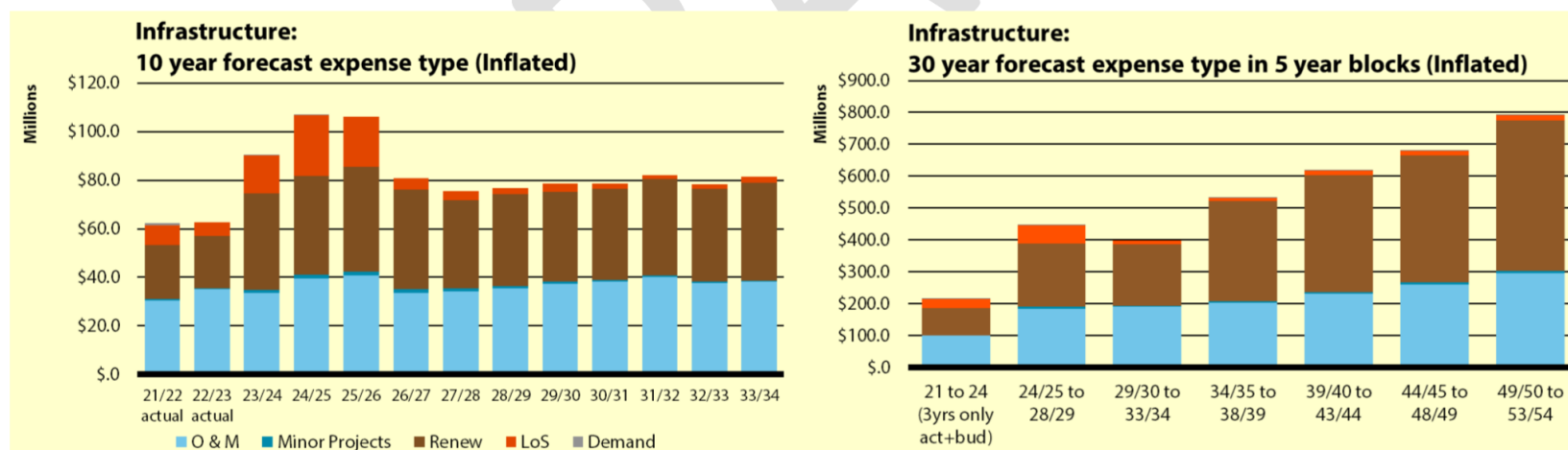
Infrastructure requires on-going maintenance and monitoring to ensure that the assets continue to operate and perform effectively and safely. Council has maintenance and monitoring systems in place to address these issues to ensure routine maintenance is carried out, that repairs are initiated and upgrades or improvements are identified. These processes are outlined in Council's Asset Management Policy.

Infrastructure failures and new infrastructure projects to resolve problems can have a significant impact on the local and wider communities and council has systems in place to engage with those communities and stakeholders affected to ensure that they understand why the works are required and they are provided with regular updates on progress. As outlined in the last strategy review council has established a Project Delivery Team, so that these requirements are delivered effectively.

The future for water services in New Zealand is still to be confirmed and the Council has therefore continued to include water supply, waste water and stormwater services in its 30-year Infrastructure Strategy and the required investment in its 2024/34 Long Term Plan.

The key issues identified in this strategy are:

- maintenance and renewal of sealed roads
- maintenance and renewal of bridges
- maintenance and replacement of older and earthquake prone structures and buildings
- consideration on the Council's continued involvement in the provision of the untreated rural water supplies
- consideration of the need to secure a dedicated asset system / asset management resource for all infrastructure assets to ensure that asset data continues to be improved and that robust decision making on the renewal of assets can be made.
- the active management of closed landfills and ensure that they are included on council's Risk Register
- the need to plan for the renewal / replacement of the existing electricity generation system on Stewart Island
- for the majority of the issues identified above the key challenge facing council is that the asset condition and performance has deteriorated which is impacting on the delivery of the current levels of service. Options for the future should include:
 - increasing investment to maintain and replace the current assets to maintain the current levels of service
 - look to manage or reduce the level of service provided to help offset the investment necessary
 - consider the di-vestment or retirement of some assets to reduce the future burden of maintenance and renewals particularly for some roads, bridges and some community and water facilities



O&M: general operating and maintenance costs which includes general running costs and repairs or maintenance of an existing asset.

Renew: renewal capital expenditure to replace or rehabilitate an existing asset without changing its capacity or level of service beyond its original design.

LoS: level of service capital expenditure where work is being undertaken to change the current service level usually because of changing customer expectations, regulations or standards.

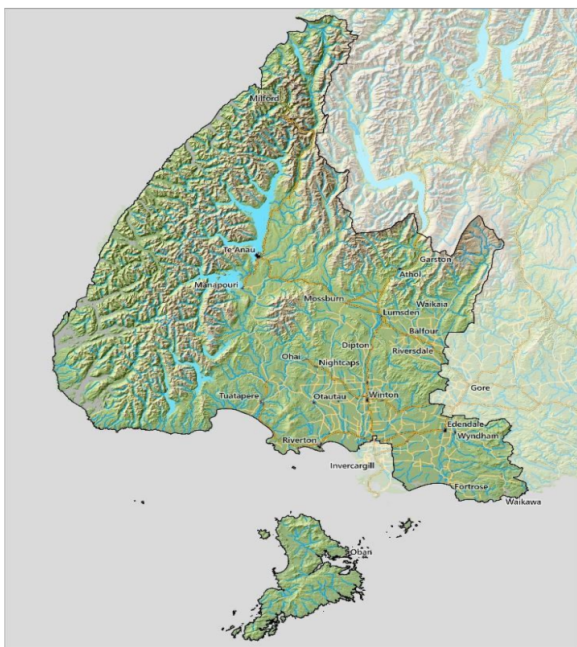
Demand: capital expenditure where work is being undertaken to provide more (or less) of an asset or service due to changes in demand usually because of population/economic changes or changes in consumption patterns.

DRAFT

2. Introduction (who we are)

This Infrastructure Strategy has been developed by council to inform and support its 2024/2034 Long Term Plan and should be read alongside other key Council strategies, policies and plans.

Overall, this infrastructure strategy review is focused on the safety, condition, performance, and the resilience of council's infrastructure ensuring that it continues to align with council's overall priorities and agreed community outcomes.



Southland District Council covers a large geographical area approximately 30,200 km², 11% of New Zealand's entire land mass, located at the bottom of New Zealand's South Island. In 2023 the number of people living in the district is estimated to be just over 32,600 equivalent to less than 0.7% of the country's population. With an annual predicted population growth of 0.5%, the increase in cost falls on our existing population to fund.

Serving such a sparsely populated area provides significant challenges for Council, the second largest of any territorial authority in New Zealand. There is ongoing maintenance and renewal of over 5000km of roads, 880 bridges, 21 water supplies, 19 wastewater schemes, 29 stormwater areas, 18 waste sites and over 400 community facilities and parks, across the district with increasing costs for the 32,600 residents/rate payers in Southland.

The economic prosperity of the region is reliant on farming, forestry and tourism and Council plays a key role in supporting and enabling these industries to continue and thrive by:

- maintaining the road network and its associated structures to enable the farming sectors to move livestock and products from farms to local, national and international markets
- maintaining the roading network, Te Anau-Manapouri Airport, and water facilities to enable local and international tourists to access some of the most stunning landscapes and scenery New Zealand has to offer.

Council consists of a mayor and 12 councillors, which are elected by the Southland residents/ratepayers every three years. Council committees have been established to assist in the decision-making processes. Council has nine community boards that enable local input to be encouraged and fostered, supporting Council's policy of decentralising responsibilities where practical to do so.

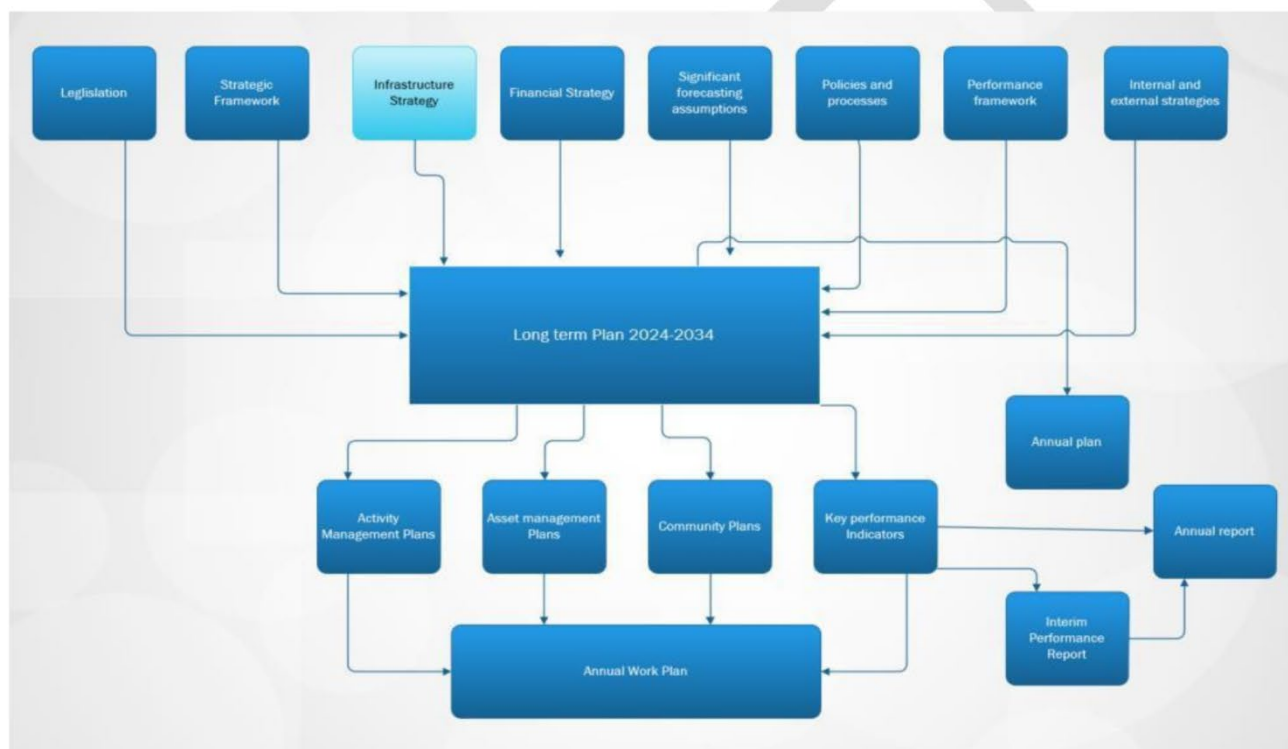
This review and update is the third version of its Infrastructure Strategy prepared by council. This Infrastructure strategy sets out to maintain the assets we already have while keeping rates affordable. Without economy of scale Council is faced with the prioritisation of asset maintenance, renewals and replacement meaning some assets may not be updated when they should be and will push some costs further into the future, carrying the risk of a reduction in the level of service our communities are used to and/or a greater risk of the asset failing.

3. Strategic context (why do we have these assets)

Council is required under the Local Government Act (2002) section 101B to prepare and adopt an infrastructure strategy as part of its Long-Term Plan, the strategy is required to cover a period of 30 years.

This infrastructure strategy has been developed to provide the strategic direction that Council needs to consider when operating, maintaining, and ultimately renewing or replacing its infrastructure assets in the short to medium term.

The strategy outlines a 30-year view of the key issues and challenges facing Council, the estimated expenditure required and the significant decisions that will need to be made.



This strategy forms part of the Council's Long Term Plan and supports, interprets, and informs other key council plans. Council's Asset Management Plans and asset management systems provide detailed asset data, which through detailed analysis enables conclusions to be reached on asset condition, the remaining life

Draft Infrastructure Strategy 2024-2054

of assets and how assets are performing against Council's current levels of service agreed with its communities. This understanding then enables future forecast to be made, guiding operational and maintenance needs set against the renewal or possible abandonment of an asset.

Activity Management Plans provide the rationale for the activities provided by Council and how infrastructure enables those activities to be delivered. In 2021 Council revised its structure to form groups to better deliver its services to the local community, these groups are currently:

Group												
Environmental Services (combines Environmental Health, Animal Services, Resource Management), (includes district planning and Building Solutions)		Community Leadership	Transport Provision of Roothing and Footpaths (including cycle trails, airport, water facilites and bridges)		Wastewater (Sewerage and the treatment and disposal of sewage)	Stormwater Drainage	Water Supply	Community Resources				
Activity												
Environmental Services	Emergency Management	Community Leadership (including Representation and Advocacy, Community and Futures and Community Assistance)	Roading, footpaths, airport and cycle trails	Water facilities	Wastewater (Sewerage)	Stormwater	Water Supply	Community Facilities (including toilets, halls and libraries)	Community Services (including cemeteries, community housing, library services and heritage and culture)	Open Spaces (including parks, reserves and streetscapes)	Waste Services	Stewart Island Electrical Supply Authority

Each of the groups is responsible for activities provided by Council, many of which require infrastructure assets to enable those activities to be delivered, as summarised in the table below:

Draft Infrastructure Strategy 2024-2054

GROUP	ACTIVITY	ROLE OF INFRASTRUCTURE ASSETS
Environmental services	Environmental services	Minimal
	Emergency management	Minimal
Community leadership	Community leadership	Minimal
Transport	Roading, footpaths, airport, and cycle trails	Essential
	Water facilities	Important
Stormwater	Stormwater	Important
Water supply	Water supply	Essential
Wastewater	Wastewater	Essential
Community resources	Community facilities	Important
	Community services	Important
	Open spaces	Important
	Waste services	Essential
	Stewart Island Electrical Supply Authority	Essential

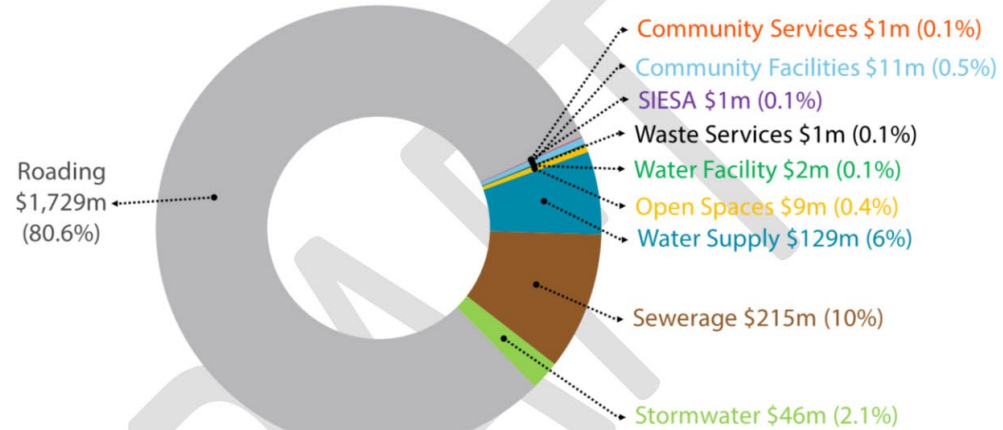
The infrastructure assets identified above are included within this strategy document.

ACTIVITY	SUB ACTIVITY	INFRASTRUCTURE ASSETS		
Transport	Roading	- sealed roads	- bridges	- safety barriers
		- unsealed roads	- street signage	- roadside berms, swales, and sumps
	Footpaths	- sealed footpaths	-	- unsealed footpaths
	Cycle trails	- sealed trails	- unsealed trails	- signage
	Airport	- buildings	- runway	- grounds
Water facilities		- jetties and wharfs	- navigation aids	- swimming pontoons
		- boat ramps	- viewing platforms	- sea / retaining walls
Stormwater		- pipes	- outfalls	
Water Supply		- water mains	- reservoirs	- mechanical and electrical equipment
		- service pipes	- pumping stations	- valves and fittings
		- treatment plants	- SCADA systems	
Wastewater		- pipes laterals	- pumping stations	- mechanical and electrical plant
		- treatment plants	- SCADA systems	- manholes and chambers
Community Resources	Community Facilities	- toilets	- libraries	- offices
		- halls		
	Community Services	- cemeteries	- community housing	
	Open Spaces	- parks	- reserves	- trees
		- playgrounds	- streetscapes	
	Waste services	- bins	- waste transfer facilities	- closed landfill sites
	Stewart Island Electrical Authority (SIESA)	- generation equipment	- buildings	- electrical supply network

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Infrastructure Asset Type & Value

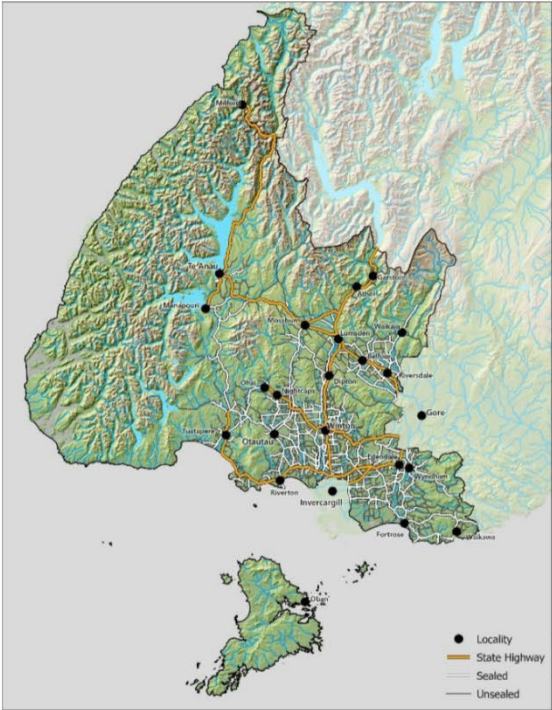
(as at 30 June 2023)



4. Description of infrastructure (what have we got)

4.1 Transport

Council has responsibility for over 5000km of roading, (as shown on map below) the second largest local road network of any council in New Zealand. The local road network is an essential element of the Southland region infrastructure network linking the state highways to local towns and smaller dispersed communities. It also provides the only access for the movement of goods and services for the Southland region. It also enables tourists to visit the many attractions across the region



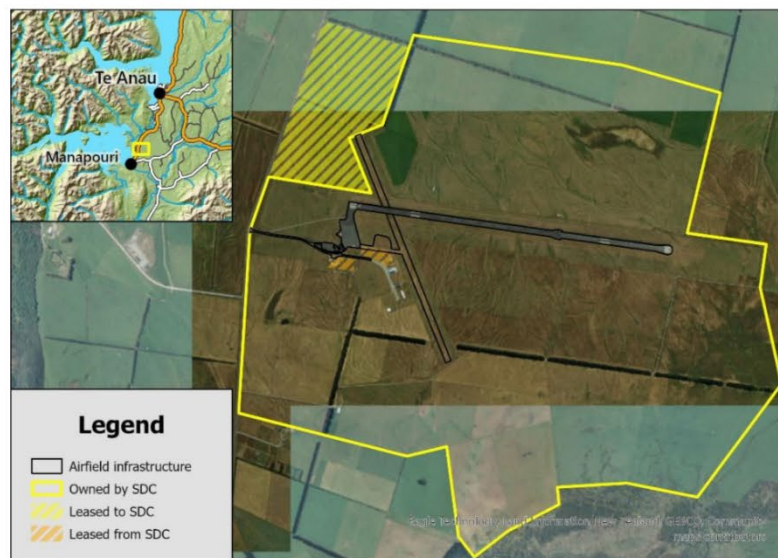
The following table provides a summary of the Roding assets.

ASSET	QUANTITY	ASSET	QUANTITY
Sealed roads	1990 km	roadside berms, swales, and channels	9165 km
Unsealed roads	2961 km	roadside sumps	441
Bridges	881	street signs and other furniture	31926
culverts (estimated)	14,000	safety barriers and rails	16 km
Sealed footpaths	187 km		
Unsealed cycle tracks	91 km		

4.2 Te Anau-Manapouri airport

Council owns and maintains the Manapouri airport, the facility provides an essential service

- to the local community in terms of access to and from the area.
- for the local economy providing access for local and international tourists so that they can enjoy the special features the Southland region has to offer.

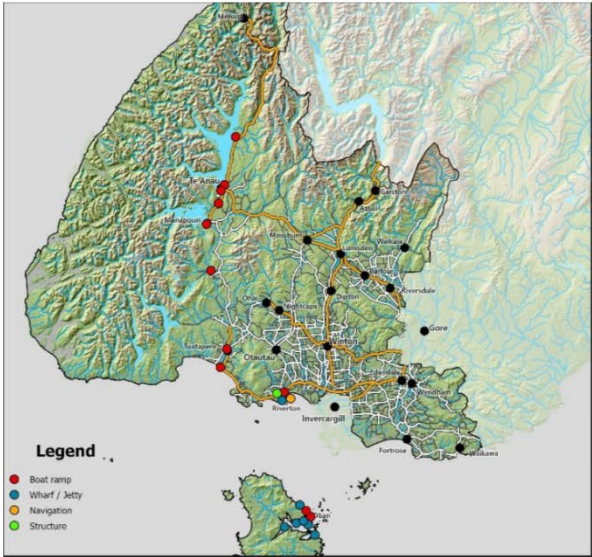


The airport infrastructure assets include:

ASSET	QUANTITY
Sealed runway and taxi areas	approx 69,000 m2
Sealed roads and car parking	approx 9000 m2
Buildings	1
Unsealed runways and taxiways	approx 98,000 m2

4.3 Water Facilities

Council provides and maintains important assets to support the tourism industry, local fishing, and local recreation. The assets are widely dispersed across Council’s area (as shown on the map below) and provides important access to the waters around the Southland region’s coastline and inland water lakes.



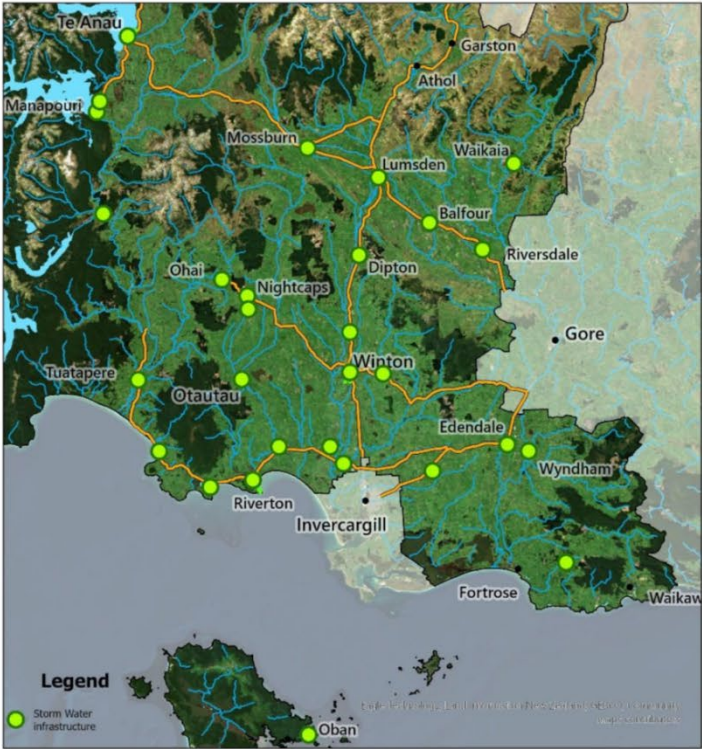
A summary of the water facilities assets is shown below:

ASSET	QUANTITY
Wharfs / jetties	10
Boat ramps	10
Navigation aids	5
Ancillary structures	4



4.4 Stormwater

Council is currently responsible for the management of stormwater runoff, primarily from its roads and footpath network, but also managing drainage within local towns and smaller local community settlements. The activity endeavours to minimise the impact of normal flooding events caused by heavy rainfall events. The stormwater assets are dispersed across council’s area as indicated on the map:



The table below provides a summary of the assets that part of the stormwater activity

ASSET	QUANTITY
Pipes and culverts	116.8 km
Open channels	24.6 km

4.5 Water Supply

Council is also currently responsible for the provision of essential water supplies for domestic, commercial, and rural properties. Council manages and operates several schemes the locations of which are indicated on the map below:



Council provides both treated water supplies for domestic purposes and rural stock supplies. Water is normally abstracted from local water sources and in the case of the domestic supplies is treated using appropriate treatment processes and then distributed through a network of pipes to local residential and commercial properties. Council is required to meet formal New Zealand water quality standards for these supplies.

A summary of the water supply assets is provided in the table below:

ASSET	QUANTITY	ASSET	QUANTITY
Water intakes	26	water mains	791.5 km
Urban	(17)	urban	(549.7 km)
Rural		rural	(241.8 km)
		service pipes	71.8 km
Water treatment plants	12	valves, hydrants, and other fittings	10426
Reservoirs	32	urban connections	7738
Urban	(17)		
Rural	(15)		
Water pumping stations	17	SCADA systems	1
Urban	(9)		
Rural	(8)		
Boreholes and wells	17		
Urban	(10)		
Rural	(7)		



4.6 Wastewater

Council currently has responsibility for the collection, treatment, and disposal of wastewater for several small communities across its area, the locations of which are shown on the map below:



The wastewater assets provide an essential service for towns and smaller community settlements ensuring that wastewater is collected, appropriately treated, and safely returned to the environment, meeting the required New Zealand standards.

A summary of the wastewater assets is provided in the table below:

ASSET	QUANTITY	ASSET	QUANTITY
Wastewater mains	271.7 km	waste water outfalls	14
Wastewater laterals	84.8 km	waste water connections	8849
Wastewater pumping stations and chambers	74	SCADA systems	1
Wastewater treatment plants	17	land-based discharge systems	4



4.7 Community facilities

With such small and dispersed communities, council values the importance of local decision making, which is supported by the provision of assets for local communities to use in their day to day lives. The facilities play an important role in the wellbeing of these communities. A map showing the main locations of community facilities is provided below:



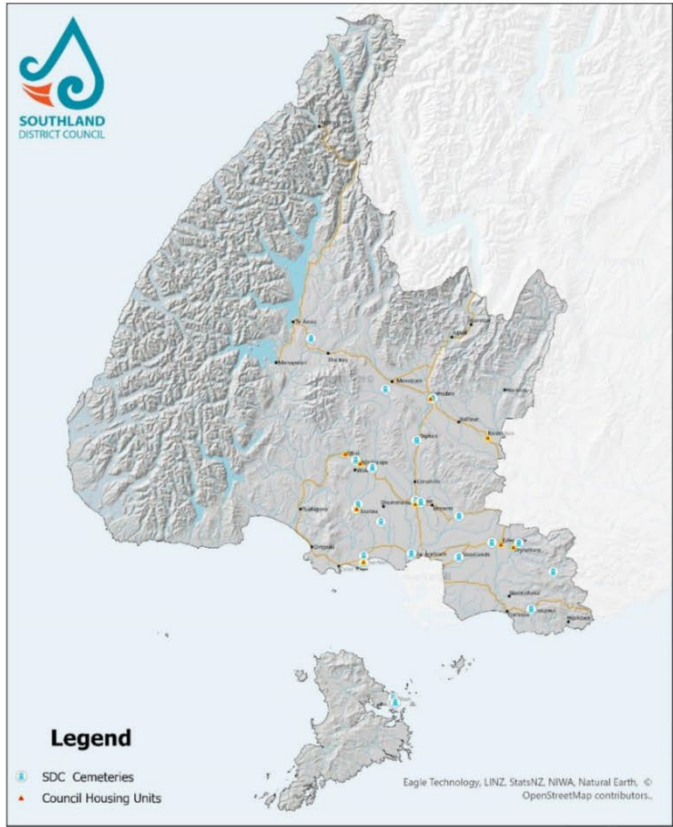
The assets within the community facilities are largely buildings and structures such as libraries, public conveniences, public swimming pool, local community halls and community centres, they form an important service to allow the local communities to function. A summary of the community facilities assets is shown in the table below:

ASSET	QUANTITY
Libraries and offices	8
Community centres and halls	32
Amenity buildings	19
Public conveniences	70
Public swimming pools	1
Dump stations	7



4.8 Community Services

Council plays an important role in providing affordable housing for residents, without which, a number would find it difficult to remain independent and stay within their local communities. Council also provides and operates several cemeteries. The main locations of these assets are shown on the map below:

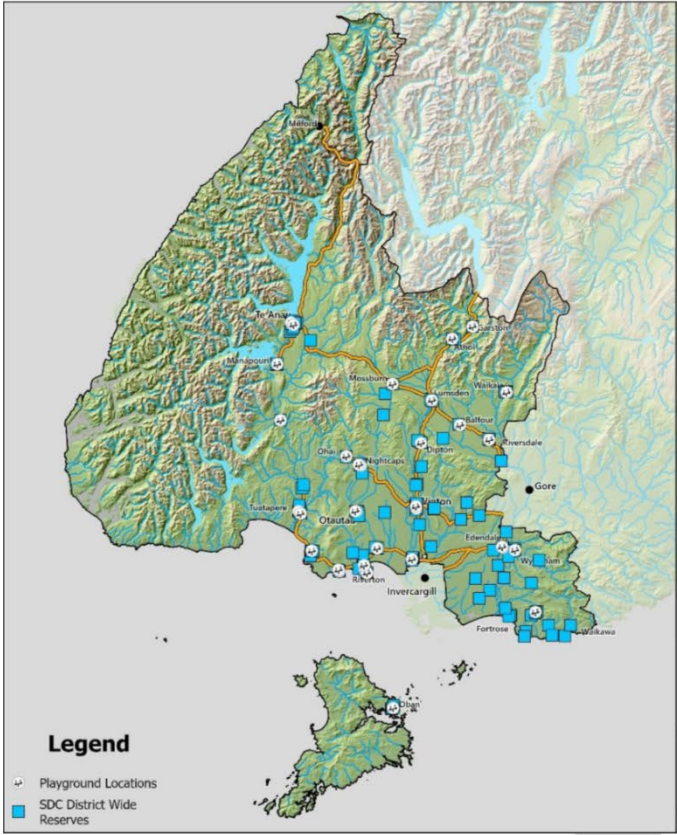


ASSETS	QUANTITY
Council housing units	69
Cemeteries in use	16
Cemeteries not used	6



4.9 Open Spaces

Council plays an important role in the provision of public open spaces in the form of parks, recreational reserves, and formal streetscapes for the enjoyment of residents and visiting tourists. A map showing the key locations of these open spaces and recreational reserves is shown on the map below:



The open space assets are varied and diverse and include sport and recreational areas, playgrounds, formal planting areas and gardens, informal natural planted areas with native and non-native vegetation

A summary of the assets included in the open spaces is provided in the table below:

ASSET	QUANTITY
Parks	156
District	(7)
Local	(149)
Sports fields	18
Playgrounds	38
Ornamental trees	10000
Streetscapes	km



4.10 Waste Services

Council provides an important refuse collection and disposal service for both residential and commercial properties. Local towns and larger communities are covered by this service and includes some rural areas. The key assets associated with the waste services are listed in the table below:



ASSET	QUANTITY
Rubbish bins	31307
Recycle bins	20988
Waste transfer facilities	7
Recycling facilities	11
Closed landfills	56
Glass and organic bins	nr

4.11 Stewart Island Electricity Authority

Council uniquely provides an essential service providing electricity supplies to Stewart Island. The island due to its remoteness and small population has no current connection to the New Zealand mainland electricity supply grid. Without the Council owned authority, it is unlikely that electricity would be available to the residents that live on Stewart Island and as a consequence unable to support the number of tourists that visit the island each year.



A summary of the assets involved in providing the electricity supply is provided below:

ASSET	QUANTITY
	

5. Management and condition of assets (how do we look after these assets)

In providing services to the local communities Council utilises infrastructure assets. The way Council manages these assets is outlined in its Asset Management Policy. The current policy sets out the Council direction to ensure that the agreed levels of service or performance against national standards are achieved through the management of the assets in an effective and appropriate and sustainable manner for current and future generations. The Asset Management Policy identifies the most appropriate level of asset management practice expected to ensure Council meets its regulatory obligations and aligns with the National Asset Management guidance.

Council has a Strategic Asset Management plan and individual Asset Management Plans and Activity Management Plans these provide the detailed analysis and planning information to inform investment for infrastructure assets. These plans provide detailed programmes of works and key individual projects to be considered and included in Council's Long-Term Plans. The Asset and Activity Management Plans provide the detailed investment needs for:

- asset renewals
- abandonment or retirement of existing assets
- provision of new assets to meet existing deficits in current levels of service
- provision of new assets to meet new obligations and standards for existing communities
- provision of new assets to meet predicted growth
- providing greater resilience for existing infrastructure, particularly for assets that are considered critical.

At the present time the Council does not have a dedicated resource to undertake day to day responsibility for asset information systems or to carryout detailed analysis of the information collected. To continue to advance its expertise in asset management practices it is important that this resource is secured and is able to work across all council infrastructure assets.

Roading

Council has seven-year, three area-based maintenance/operational contracts in place. This arrangement provides sufficient quantities of work to make contracts meaningful and viable for contractors, whilst allowing Council to identify comparable performance to improve delivery at a controllable cost.

However, long term supply of materials such as bitumen and gravels, and contract arrangements need to be reviewed to secure and control ongoing increases in material costs, this needs a holistic approach to safe guard the supply needs over the long term to ensure that future costs are managed and controlled.

The potential exists to form future "Alliance Type" contracts / agreements with neighbouring councils to help achieve these outcomes.

Airport

Council has existing contract arrangements in place for the maintenance and operations of the airport which work satisfactorily. Given the bespoke nature of the facility the existing arrangements are adequate for the foreseeable future.

Water facilities

Condition assessments are carried out every five years in line with council's resource consent conditions. These assessments in turn inform works programmes that are included in future Long-Term Plans.

Stormwater

New maintenance and operational contracts let in 2023 provide a sound basis on which to continue the development of future contracts, in addition new automation contracts were let in 2023.

Water supply

New maintenance and operational contracts let in 2023 provide a sound basis on which to continue the development of future contracts, in addition new automation contracts were let in 2023..

Wastewater

New maintenance and operational contracts let in 2023 provide a sound basis on which to continue the development of future contracts, in addition a new automation contract were let in 2023.

Community facilities

Currently Council has a programmed maintenance contract, procured on a relatively short-term basis, some procurement is adversely impacted by processes linked with local decision making, this makes standardisation and economies of repetitive works difficult to achieve. Some of the current deficiencies are being addressed to improve contracts to manage costs and performance.

Community services

Currently contracts are procured on a relatively short-term basis, with some procurement adversely impacted by processes linked with local decision making, this makes standardisation and economies of repetitive works difficult to achieve. Some of the current deficiencies are being addressed to improve contracts to manage costs and performance.

Open spaces

Currently Council has a programmed maintenance contract, procured on a relatively short-term basis, some procurement is adversely impacted by processes linked with local decision making, this makes standardisation and economies of repetitive works difficult to achieve.

Waste services

Existing contract in place for the collection, sorting and disposal of waste materials from residential and small commercial properties covering all larger communities and some of the rural areas.

Stewart Island Electricity Supply Authority

Operational/maintenance contracts in place that provide basic needs however areas for improvement are being identified and introduced as required.

Condition and performance of assets

In predicting the future investment requirements in infrastructure assets, it is necessary to establish the current condition and performance, and its ongoing ability to meet the agreed levels of service or meet statutory obligations and standards.

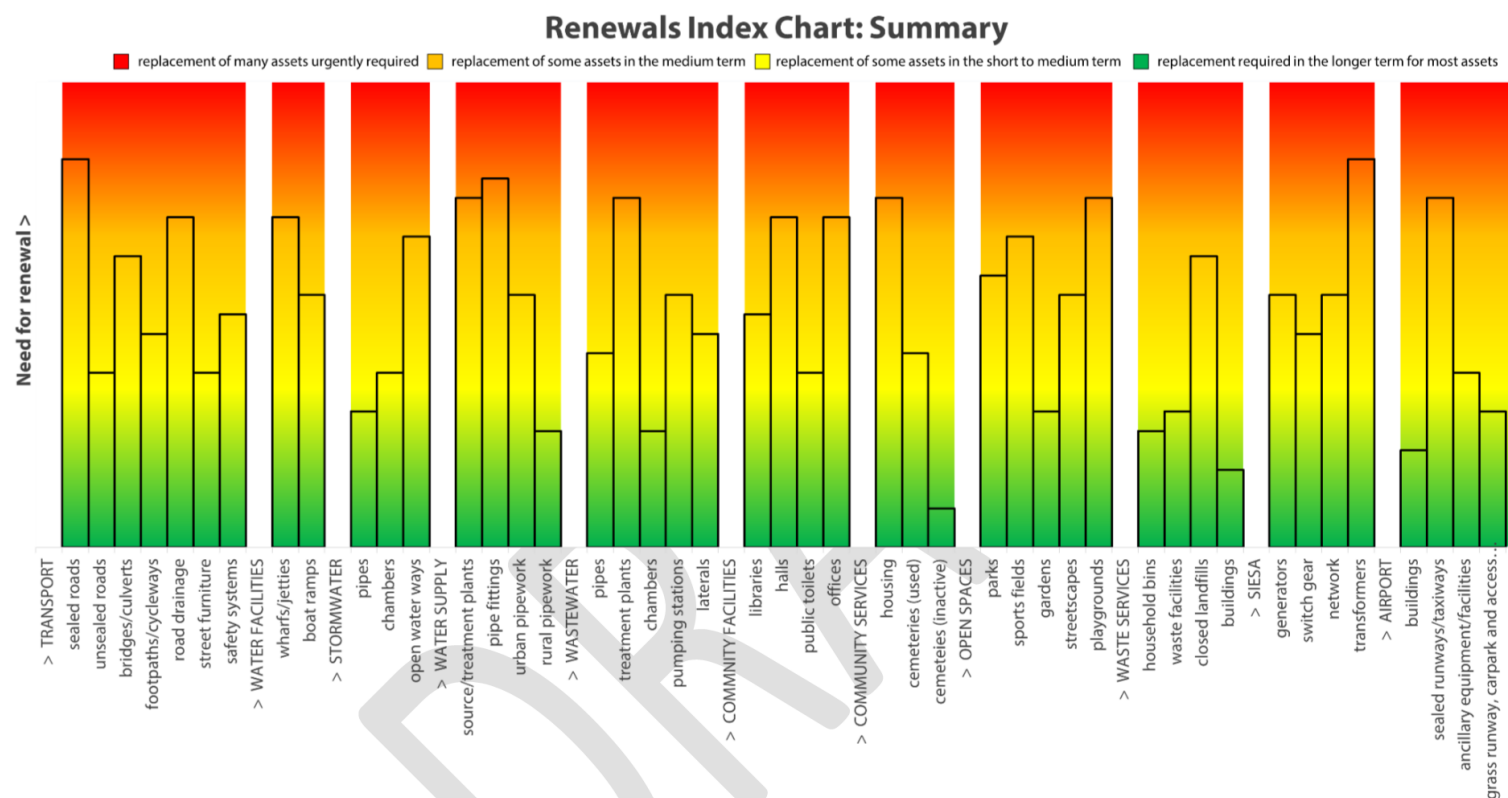
The following section provides a high-level overview of the current status of the assets which in turn influences future decisions on

- current and future activities to be provided by council
- current and future levels of service
- long term investment needs
- decisions on what or the quantum of assets should continue to be provided

This assessment is based on information contained in the asset systems, asset management plans, the current performance in terms of meeting levels of service and the local knowledge of the contractors and staff operating and maintaining the assets.

Proving a dedicated resource to take responsibility for the day-to-day management of asset information and developing and enhancing the Council's asset management expertise across of all its assets will be critical for the future.

Southland District Council Renewals Index Chart – Activity

**Scoping and cost estimates for infrastructure projects**

It has been identified that the scoping, prioritisation, and costings of infrastructure projects should be improved to provide increased robustness for the investment plans in future Long-Term Plans. These improvements should be based on a best practice approach that then provides increased confidence in the plans cost and potential delivery. This process should apply to all projects including those put forward by elected members.

- what is included in each project or programme of works,
- what is the key driver or reason for the project or programme,

- which activity it is supporting
- which level of service it is influencing or addressing
- the required or appropriate timing for the project or programmes
- robust and auditable cost estimates of the capital costs (with confidence limits identified)
- robust and auditable cost estimates of the associated operational costs (with confidence limits identified) and when they are expected to commence
- identification of funding sources
- that each project or programme considered for the Long-Term Plan is subject to sign off by the appropriate members of the executive leadership team
- that there is a process to ensure that each project or programme is regularly updated so that Annual Plans and future Long-Term Plans remain valid
- that upon completion of the project the final outturn costs are used to update the Council's asset valuation database.

6. Criticality and Resilience of Infrastructure Assets (Importance of Assets)

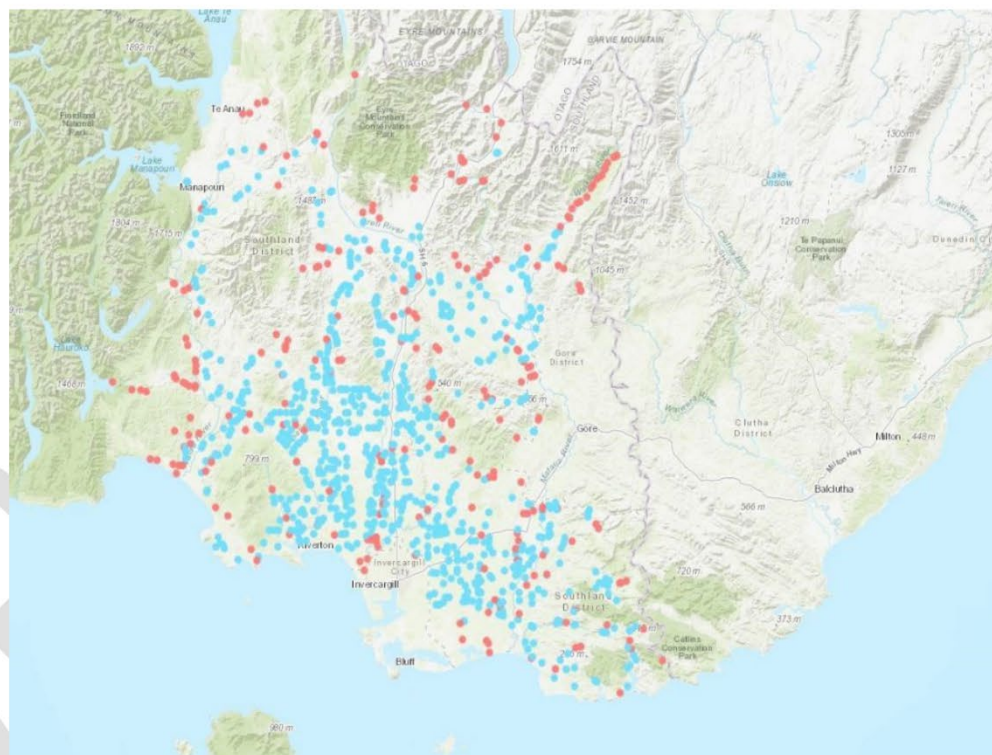
Council considers infrastructure assets to be critical to support the service delivery to the local communities for the following activities:

- roads and footpaths
- airport
- water supply
- wastewater
- waste services, particularly closed landfills.
- Stewart Island electricity supply

Whilst these activities are deemed critical there are some assets that warrant further criticality assessments. The following issues have been highlighted:

Roads and footpaths

- certain sections of the sealed local road network provide important access (or the only access) for communities and support the wider economic vitality of the region. If these sections of the local road network were to be unavailable considerable disruption would occur.
- single access routes with strategic bridges which if compromised could lead to severe access issues for local communities, this clearly illustrated on the map whereby the red dots indicate bridges that are on a single access route.



Airport

- loss of runway facilities could disrupt both travel for locals and tourists but also potentially impact the reputation of the tourist industry.

Stormwater

- important storm drains that if blocked or fail could lead to a potential flood risk to residential properties.

Water Supply

- single sources of supply if unavailable would lead to a loss of service
- essential treatment plant processes that have no back up could again lead to interruptions in supplies or infringement of water quality standards
- key trunk mains that if damaged or unavailable could lead to a prolonged outage of supply.

Wastewater

- single treatment facility that if unavailable or suffers serious systems failure could give rise to a significant contamination incident that could impact the local environment and potentially risk Council not meeting its statutory obligations
- loss of key rising mains that could result in serious waste water discharges to the environment which may not be rectified quickly.

Waste Services

- old closed landfills that may be located in vulnerable locations that could be susceptible to damage which in turn could cause a major incident.

Stewart Island Electricity Supply Authority

- existing diesel generation system is close to the end of its useful life, and is less sustainable to other “greener” alternatives. In the short-term plans need to be finalised to identify best replacement/renewal option and put in place planning and regulatory processes for this to be achieved.

7. Key Issues and Challenges (how do we face the future)

Council has identified several external and internal issues and challenges, which could impact the ownership and operation of its infrastructure assets and these have been summarised below:

External

Future Epidemics: these could further impact the economy of the Southland region, particularly impacting the tourist industry as well as adversely affecting critical supply chains, work force availability and disturbance of the day-to-day activities of Council.

Water Services: the future for water services within New Zealand has yet to be confirmed, until clarity has been provided by Central Government the Council has continued to include its strategic direction and investment needs for water services in its 30-year Infrastructure Strategy as part of its 2024/34 Long-Term Plan

Local Government Review Outcomes: the review has been released setting out 17 recommendations, each of these has an impact on Council which will need to be considered and responses developed

Climate Change: causing unpredictable weather events: Council as part of its Long-Term Planning has investigated the impacts climate change events may have on its infrastructure, priority to reduce the impact and mitigate adverse effects to those areas with the larger population is seen as the first step, however the significant costs of reducing the impact always must be set against the benefits arising and will require dialogue with the communities potentially impacted. Recent events in the North Island have demonstrated how vulnerable infrastructure is to these types of events can be. Nevertheless, Council when considering options for the renewal/replacement of assets and when initiating new maintenance and operational contracts will consider if mitigation measures to increase resilience of the infrastructure is cost effective.

Earthquake Risks: Council as part of its Long-Term Planning has investigated the risks associated with major earthquake events may have on its infrastructure, priority to reduce the impact and mitigate adverse effects to those areas with the larger population is seen as the first step, however the significant costs of reducing the impact always must be set against the benefits arising and will require dialogue with the communities potentially impacted.

Future Central Government Funding: Council is reliant on Central Government subsidies particularly supporting its future roading investment programmes. Recent events in the North Island have shown how vulnerable some infrastructure assets are and how expensive repair and renewals are where widespread destruction occurs. Over the next few years, Central Government funding will be impacted by these events and may reduce funding to other parts of the country.

Resource Management Act Reforms: without further information the Council has assumed that its current role and functions will remain largely unchanged for the foreseeable future.

Asset management: to continue to develop and enhance the Councils asset management capabilities it is important that a resource is dedicated to the day to day responsibilities for the asset information systems and developing asset management practices and knowledge across all infrastructure assets.

Asset Information: future decisions on the quantum of investment in infrastructure assets relies heavily on the availability of good and robust information with regard to these assets, knowing where they are located, how they are performing and what the current condition of those assets. This information is contained in the Council's asset system and it is vital that investment in these systems continues so that informed decisions can be debated and made.

Affordability of Future Infrastructure Investment Programmes: this Strategy has highlighted that additional investment is required to address the deterioration of the assets and to maintain the expected levels of service. The funding required will have a significant impact on the Council's future expenditure which in turn will have a major impact on rates.

Improving the Delivery of Maintenance and Operational Contracts: to offset the predicted increase in expenditure it will be important that future contracts are able to deliver cost effect outcomes.

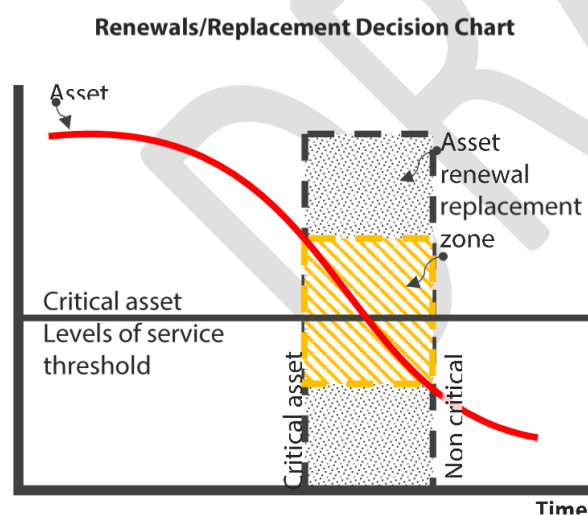
Future Levels of Service Expectations: given the expected increase in costs which in turn impacts the level of future rate rises, discussions need to take place with the communities to fully understand and agreed to future levels of service.

Whole of Council and Community Buy-in of long term investment needs.

8. Future Strategies to support 2024/2034 Long Term Plan

The management of assets and in particular the replacement/renewal of existing assets is a complex issue that is influenced by many factors. An asset renewal can be simply triggered by its age, but this approach would not provide the most economic or best solution. Important factors influencing the replacement of an asset are:

- the condition of an asset (which can sometimes correlate to its age)
- the performance of the asset, can it deliver the required level of service, in some situations the asset condition may be satisfactory but it does not have required capacity or performance
- the type of activity or the criticality of an asset will also influence the potential timing of an asset replacement, for example a critical asset within a water treatment process cannot be left until it fails, as the consequence is a potential failure in the level of service provided to the community or perhaps breaching national water quality standards. Similarly, a failure of an asset at the airport leading to the airport not being able to operate. Therefore, these types of assets require systematic and planned replacement before the level of service is impacted
- conversely assets like local pipework within a supply system may suffer several failures over a few years before replacement is considered. This may result in some local inconvenience or short-term loss of service, but can normally be rectified within a reasonable period.
- having a dedicated resource to take responsibility for the day-to-day management of the asset information systems and developing and enhancing asset management practices across all infrastructure assets will be important for the future



Roading and Footpaths

These assets currently and in the future will be the largest activity reliant on Council infrastructure. It therefore provides significant risks and challenges for Council. This issue was highlighted in its last Infrastructure Strategy review where it was identified that ageing assets in poor condition was impacting levels of service to the community.

COMPONENT	STRATEGY
New assets	<ul style="list-style-type: none"> - to construct or take over vested assets which are required to meet growth as identified in Council's 2023 Annual Plan and future Long Term Plans - to construct new assets to maintain levels of service to existing communities - to construct new assets to meet new levels of service or regulatory standards
Asset renewals	<ul style="list-style-type: none"> - to complete renewals planned in Council's 2023 Annual Plan and future Long- Term Plans utilising the existing contracts as a framework for delivery - sealed roads and bridges will continue to require the levels of investment to maintain levels of service and mitigate the deterioration in asset condition over the 30- year period and beyond as outlined in Council's previous 2021 Infrastructure Strategy - this level of expenditure will need to be considered alongside the available central government subsidies and after consideration of consider if parts of the sealed road network could revert to unsealed to reduce ongoing future renewals and maintenance - consider if some bridges can be divested, if it is agreed that it is no longer required as part of the public road network, to reduce future maintenance and renewals or weight limits are more widely adopted to prolong the useful life of the structures - similarly consider if some roads can be divested, again, if it is agreed that they are no longer required as part of the public road network - to take account of climate change predictions and its potential impact on roading infrastructure to increase resilience when planning asset renewals this should include road design and material specifications.
Asset maintenance	<ul style="list-style-type: none"> - expenditure at or above current levels will be required to undertake essential maintenance for sealed roads and bridges to maintain levels of service utilising the existing maintenance contracts. This additional funding will be required over the 30- year period - to take account of climate change predictions and its potential impact on roading infrastructure to increase resilience when renewing and developing new maintenance contracts, this should include road maintenance design and material specifications.
Asset operations	<ul style="list-style-type: none"> - continue to operate assets utilising similar contract arrangements - to take account of climate change predictions and its potential impact on roading infrastructure to increase resilience when renewing and developing new operational contracts.
Asset data	<ul style="list-style-type: none"> - continue to update and improve asset data within the RAMM systems to improve knowledge and understanding as to how assets are performing and the condition of the assets. - continue to improve the asset information in line with the set goals detailed in the Council's Strategic Asset Management Plan 2021/2023 - over the next three years effort needs to continue to be placed on identifying and prioritising the sealed roads maintenance/renewal and bridge renewals to strengthen the detailed programme once other options or considerations have been explored.

Airport

Council owns the Te Anau-Manapouri Airport facility which provides an important hub for local/international tourists to access the unique Fordland scenery.

COMPONENT	STRATEGY
New assets	<ul style="list-style-type: none"> - to construct new assets or facilities which are required to meet growth as identified in the Council's future Long-Term Plans - to construct new assets to maintain levels of service as identified in the councils future Long-Term Plans
Asset renewals	<ul style="list-style-type: none"> - to complete renewals planned and identified in future Long-Term Plans utilising the existing contract arrangements
Asset maintenance	<ul style="list-style-type: none"> - to continue to undertake essential maintenance to maintain levels of service as included in future Long-Term Plans utilising the existing maintenance contracts
Asset operations	<ul style="list-style-type: none"> - to continue to operate assets to maintain levels of service as included in the Councils future Long-Term Plans utilising the existing operational regime
Asset data	<ul style="list-style-type: none"> - continue to update and improve asset data within the IPS, asset management systems, in line with the set goals detailed in the Council's Strategic Asset Management Plan 2021/2023 to improve knowledge and understanding as to how assets are performing and the condition of the assets to enable a prioritised long term renewals programme to be established.

Water Facilities

The Council owns and manages a variety of assets that enable residents and tourist access to coastal waters, lakes, and rivers. The key priority for Council is that these assets are maintained and operated to meet health and safety regulations, are fit for purpose, meet resource consent conditions, and achieves the expected levels of service.

COMPONENT	STRATEGY
New assets	<ul style="list-style-type: none"> - minimal requirement expected to provide new assets over the 30-year period
Asset renewals	<ul style="list-style-type: none"> - to complete renewals planned in the councils 2023 Annual Plan and future Long- Term Plans at the levels indicated in the 2021 Infrastructure Strategy - condition assessments undertaken to meet resource consent conditions should continue to be utilised to prioritise future investment needs - to take account of climate change predictions and its potential impact on water facilities infrastructure to increase resilience when planning asset renewals - consider the di-vestment or abandonment of assets that the Council agrees that are no longer required to meet communities needs
Asset maintenance	<ul style="list-style-type: none"> - to continue to maintain the existing water facilities assets utilising processes and types of contracts already in place to take account of climate change predictions and its potential impact on water facilities infrastructure to increase resilience when renewing and developing new maintenance contracts
Asset operations	<ul style="list-style-type: none"> - continue to operate assets utilising similar contract arrangements - to take account of climate change predictions and its potential impact on water facilities infrastructure to protect or reduce the vulnerability when renewing and developing new operational contracts

COMPONENT	STRATEGY
Asset data	<ul style="list-style-type: none"> - continue to update and improve asset data within the IPS, asset management systems, in line with the set goals detailed in the Council's Strategic Asset Management Plan 2021/23 to improve knowledge and understanding as to how assets are performing and the condition of the assets to enable a prioritised long term renewals programme to be established.

Stormwater

The Council has small but dispersed stormwater systems, improving the asset information was highlighted as a priority in the last infrastructure strategy to enable improved planning of future maintenance and renewals programmes, this continues to be a key priority.

COMPONENT	STRATEGY
New assets	<ul style="list-style-type: none"> - to construct or take over vested assets which are required to meet growth as identified in the councils 2023 Annual Plan and future Long Term Plans - to construct new assets to maintain levels of service to existing customers. - To construct new assets to meet new levels of service, existing and new regulatory/ resource consent standards
Asset renewals	<ul style="list-style-type: none"> - to complete renewals planned in the Councils 2023 Annual Plan and future Long Term Plans - ensure that pumped stormwater assets are included in future renewals programmes. - Ensure that future renewals programmes take account on future resource consent renewal timeframes - to take account of climate change predictions and its potential impact on stormwater infrastructure to increase resilience when planning asset renewals this should include stormwater design and material specifications.
Asset maintenance	<ul style="list-style-type: none"> - to continue to undertake essential maintenance to maintain levels of service as included in the councils 2023 Annual Plan and future Long Term Plans - that the maintenance and repair of open channel water ways is included in future maintenance programmes to ensure that they remain fit for purpose and provides the required functionality.
Asset operations	<ul style="list-style-type: none"> - to continue to operate assets to maintain levels of service as included in the councils 2023 Annual Plan and future Long Term Plans
Asset data	<ul style="list-style-type: none"> - continue to improve and update asset information, adding information relating to open channels that form part of the stormwater system and all assets that form part of pumped systems. - continue to review and update critical storm water infrastructure and prepare options for implementation to manage identified risks

Water Supply

The Council is responsible for relatively small community potable water supplies, treated rural supplies and untreated rural supplies which are located across the Southland region. Achieving the required water quality to meet the National water standards is the key priority. In the last infrastructure update some improvement works were identified in order to continue to meet these standards. The Council also signalled that some underground assets were either in poor condition or appear to have a higher deterioration rate and that investment in renewals programmes was necessary, this update confirms this approach.

The current untreated rural water supply arrangements provide some ongoing risks to Council, given this situation, it is prudent that the Councils continued involvement in the provision of these services is discussed with effected communities to agree a way forward into the future.

COMPONENT	STRATEGY
New assets	<ul style="list-style-type: none"> - to construct or (take over vested assets constructed by others) which are required to meet growth, as identified in the councils 2023 Annual Plan and future Long Term Plans - to construct new assets to maintain levels of service and as identified in the councils 2023 Annual Plan and future Long Term Plans - to construct new assets to meet current and future water quality standards or future resource consent conditions
Asset renewals	<ul style="list-style-type: none"> - to complete renewals planned in the councils 2023 Annual Plan and future Long Term Plans - initiate and develop an inspection and testing regime for valves and hydrants to confirm operability and to inform on-going renewals. - ensure that water supply structures are fully covered in future asset renewals programme - ensure that new membrane treatment systems are also included in future renewals schedules - initiate and develop a well/ borehole replacement programme so that water supply sources remain secure and able to deliver the required capacity - ensure that ancillary infrastructure assets such as power and control cables that support water services are included in future asset renewals programmes - to take account of climate change predictions and its potential impact on water supply infrastructure to increase resilience when planning asset renewals this should include water supply design and material specifications.
Asset maintenance	<ul style="list-style-type: none"> - to continue to undertake essential maintenance to maintain levels of service as included in the councils 2023 Annual Plan and future Long Term Plans - ensure that all water services structures are included in future maintenance schedules - ensure that new membrane treatment systems are fully included in future maintenance programmes - ensure that all ancillary assets that support water services are included in future maintenance programmes - ensure that any standby operational sites are covered in future maintenance contracts
Asset operations	<ul style="list-style-type: none"> - to continue to operate assets to maintain levels of service as included in the councils 2023 Annual Plan and future Long Term Plans - include future operational costs of new membrane treatment systems - review status of current non-operational sites and prepare plans to either safely abandon or if they are to remain as a standby asset for emergency purposes - continue to develop and enhance operational automation and control systems - review the requirement for Council to continue to take responsibility for the provision of untreated rural water supply schemes
Asset data	<ul style="list-style-type: none"> - continue to update and improve asset information, particularly adding all water supply structures, new membrane treatment systems, and ancillary assets that support water supply services - continue to review and update critical water supply infrastructure and prepare options for implementation to manage identified risks

Wastewater

The Council has 19 relatively small wastewater community schemes. The previous infrastructure strategy concluded that the asset conditional and performance was generally satisfactory and that remains unchanged within this strategy update. Meeting discharge consent conditions remains the key priority.

COMPONENT	STRATEGY
New assets	<ul style="list-style-type: none"> - to construct or take over vested assets which are required to meet growth for as identified in the councils 2023 Annual Plan and future Long-Term Plans - to construct new assets to maintain levels of service as identified in the councils 2023 Annual Plan and future Long Term Plans - to construct new assets to meet current or future resource consent conditions
Asset renewals	- to complete renewals planned in the councils 2023 Annual Plan and future Long Term Plans and the programmes are considered alongside future resource

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COMPONENT	STRATEGY
	<ul style="list-style-type: none"> consent renewals - ensure that all waste water structures (including key manholes), new membrane filtration systems, ancillary assets supporting waste water services are included in future renewals programmes - ensure that future renewals programme also includes for existing land-based discharge systems - to take account of climate change predictions and its potential impact on waste water infrastructure to increase resilience when planning asset renewals this should include waste water systems design and material specifications.
Asset maintenance	<ul style="list-style-type: none"> - to continue to undertake essential maintenance to maintain levels of service as included in the councils 2023 Annual Plan and future Long Term Plans - ensure that all waste water structures, new membrane treatment systems and ancillary infrastructure assets supporting waste water services are included in maintenance contracts
Asset operations	<ul style="list-style-type: none"> - to continue to operate assets to maintain levels of service as included in the councils 2023 Annual Plan and future Long Term Plans - continue to improve and enhance operational automation and control systems
Asset data	<ul style="list-style-type: none"> - continue to update and improve asset information, particularly adding all waste water structures (including key manholes), new membrane treatment systems, and ancillary assets that support waste water services - continue to review and update critical waste water infrastructure and prepare options for implementation to manage identified risks - review the status of larger waste water ponds to ensure that they are not subject to any additional legislative or regulatory conditions

Community Facilities

Community facilities are dispersed and varied across Council's area. As highlighted in Council's previous infrastructure strategy many of the buildings and structures required maintenance and/or refurbishment. This update of the strategy supports this approach and that increased investment included should continue.

COMPONENT	STRATEGY
New assets	<ul style="list-style-type: none"> - minimal requirement is expected over the 30-year planning period as the forecast increase in growth can largely be served by existing assets
Asset renewals	<ul style="list-style-type: none"> - continue to improve asset information so that future maintenance and renewals programmes can be established for the 30-year planning period - to take account of climate change predictions and its potential impact on community facility infrastructure to protect or reduce the vulnerability when planning asset renewals - when renewal investigations are undertaken identify where asset rationalisation may be available in line with delivering improved multiuse facilities - when considering renewals of assets ensure consideration is made for those with disabilities or restricted mobility
Asset maintenance	<ul style="list-style-type: none"> - continue to maintain assets to maintain agreed levels of service, but look to improve existing contract arrangements to realise best economic outcomes - to take account of climate change predictions and its potential impact on community facilities infrastructure to increase resilience when renewing and developing new maintenance contracts - when planning and undertaking maintenance ensure consideration is made for those with disabilities or restricted mobility.
Asset operations	<ul style="list-style-type: none"> - continue to operate assets to meet agreed levels of service, but look to review current contract arrangements to improve and or control costs where possible - to take account of climate-change predictions and its potential impact on community facilities infrastructure to increase resilience when renewing and developing new operational contracts

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COMPONENT	STRATEGY
	- ensure consideration is made for those with disabilities or restricted mobility when operating infrastructure assets.
Asset data	- continue to improve asset information, particularly relating to condition and performance in line with the goals detailed in the Council's Strategic Asset Management Plan 2021/23 to guide and influence future maintenance and renewal programmes

Community Services

It continues to be important for Council to adapt to technology changes to sustain and improve the changing interface with its communities as socio-demographics and economies change. It will be important to continue to understand the needs and expectations its communities to ensure that services remain relevant.

COMPONENT	STRATEGY
New assets	- minimal requirement for new assets expected over the 30-year planning period
Asset renewals	- current level of asset renewals expected over the 30-year planning period - to take account of climate change predictions and its potential impact on community services infrastructure to protect or to increase resilience when planning asset renewals - when considering renewals of assets ensure consideration is made for those with disabilities or restricted mobility - when renewal investigations are undertaken identify where asset rationalisation may be available in line with delivering improved multiuse facilities
Asset maintenance	- continue to maintain assets but look to improve contract arrangements to control future costs - to take account of climate change predictions and its potential impact on community services infrastructure to increase resilience when renewing and developing new operational contracts - when planning and undertaking maintenance ensure consideration is made for those with disabilities or restricted mobility.
Asset operations	- continue to maintain assets but look to improve contract arrangements to control future costs - to take account of climate change predictions and its potential impact on community services infrastructure to increase resilience when renewing and developing new operational contracts - ensure consideration is made for those with disabilities or restricted mobility when operating infrastructure assets
Asset data	- continue to improve asset information in line with the goals detailed in the Council's Strategic Asset Management Plan 2021/23 so that future maintenance and operational regimes can be improved

Open Spaces

Council signalled in its previous infrastructure strategy, that a more strategic approach was required to manage, maintain, and update its open spaces. This approach is reaffirmed so that Council can achieve a more consistent delivery in its levels of service, setting priorities, and maximising the investments made.

COMPONENT	STRATEGY
New assets	- continue to create, or take over vested assets established by others, where it is deemed necessary to maintain levels of service

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COMPONENT	STRATEGY
Asset renewals	<ul style="list-style-type: none"> - work with the local communities to identify and prioritise a long-term renewals programme so that a more structured and consistent approach is established that will secure improved delivery and provide a more sustainable network approach - when considering renewals of assets ensure consideration is made for those with disabilities or restricted mobility.
Asset maintenance	<ul style="list-style-type: none"> - continue to undertake maintenance of assets to support the agreed levels of service, but look to improve better ways of achieving the desired outcomes with improved contract arrangements - when planning and undertaking maintenance ensure consideration is made for those with disabilities or restricted mobility.
Asset operations	<ul style="list-style-type: none"> - continue to operate assets to support the agreed levels of service, but look to improve better ways of achieving the desired outcomes with improved contract arrangements - ensure consideration is made for those with disabilities or restricted mobility when operating infrastructure assets
Asset data	<ul style="list-style-type: none"> - continue to improve asset information in line with the goals detailed in the Council's Strategic Asset Management Plan 2021/23 so that future maintenance and operational regimes can be improved

Waste Services

Currently waste services are provided to residential and small commercial properties across the Southland region utilising a waste and recycle bin system. Plans are being considered to enhance the level of recycling by introducing a further bin system for the collection of glass. The Council also provides a network of small waste and recycling centres.

COMPONENT	STRATEGY
New assets	<ul style="list-style-type: none"> - provide new assets where required to meet forecast growth and planned waste collection improvements, in particular in response to potential new legislation for separate Glass and Food Waste Organic collection services
Asset renewals	<ul style="list-style-type: none"> - continue to maintain current level of renewals for existing assets and take opportunities to improve waste handling processes
Asset maintenance	<ul style="list-style-type: none"> - continue to maintain operational assets utilising similar contract arrangements - complete investigations into vulnerability of closed land fill sites, identify any remedial or protection works, prioritise, and include investment in the 2024/27 Long Term Plan onwards
Asset operations	<ul style="list-style-type: none"> - continue to maintain operational assets utilising similar contract arrangements
Asset data	<ul style="list-style-type: none"> - improve asset information (particularly relating to closed landfill sites) in line with the goals detailed in the Council's Strategic Asset Management Plan 2021/23 to support improvements in maintenance and operational regimes

Stewart Island Electricity Authority

The Islands electricity supply was installed in the mid 1980's and now requires significant upgrades and renewals to ensure that it can continue to provide safe and secure electricity supplies to the Island's community. The current electricity generation utilises diesel generators and the upgrade / replacement plans should consider other generation options for the future.

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COMPONENT	STRATEGY
New assets	- accept new connections where agreed to do so to support economic sustainability of the Island
Asset renewals	<ul style="list-style-type: none"> - urgent need to plan for new electricity generation systems within the next 5 years to replace or renew existing diesel sets, to reduce emissions and to potentially provide a more sustainable electricity supply system. - continue to work with other agencies and parties to effect change as soon as practically possible - to take account of climate change predictions and its potential impact on electricity infrastructure to increase resilience and reduce emissions when planning asset renewals / replacement
Asset maintenance	<ul style="list-style-type: none"> - in the short term continue to maintain existing systems utilising existing contract arrangements until new generation systems are available, but seek to improve contract performance to meet levels of service and minimise emissions. - to take account of climate change predictions and its potential impact on electricity infrastructure to increase resilience when developing new maintenance contracts
Asset operations	<ul style="list-style-type: none"> - in the short term continue to operate existing systems utilising existing contract arrangements until new generation systems are available, but seek to improve contract performance to meet levels of service and minimise emissions. - to take account of climate change predictions and its potential impact on electricity infrastructure to increase resilience when renewing and developing new operational contracts
Asset data	- continue to update and improve asset information in line with the goals detailed in the Council's Strategic Asset Management Plan 2021/23 and to meet statutory obligations.

9. Investment Summary (how much will it cost)

The graphs below summarises the total expenditure by type and activity for each year of the Long Term Plan (left graphs) and in five year blocks through to 2054 (right graphs). Transport makes up the majority of expenditure with the costs split relatively evenly between operating and maintenance and renewals. The type of expenditure (O&M¹, Minor Projects, Renew², LoS³ and Demand⁴) is used to classify the nature of expenditure. Forecast income is shown on the following page.

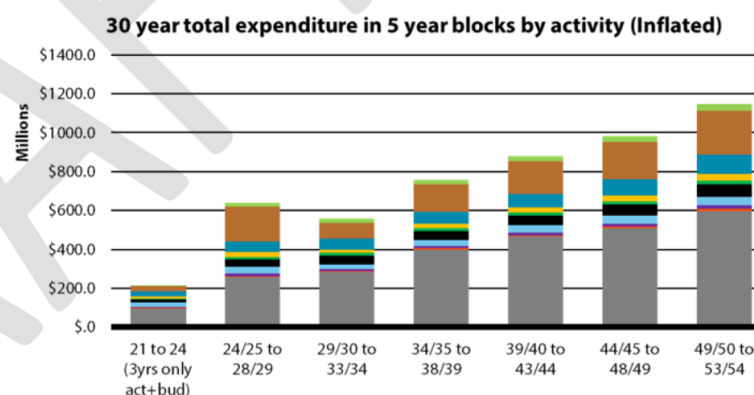
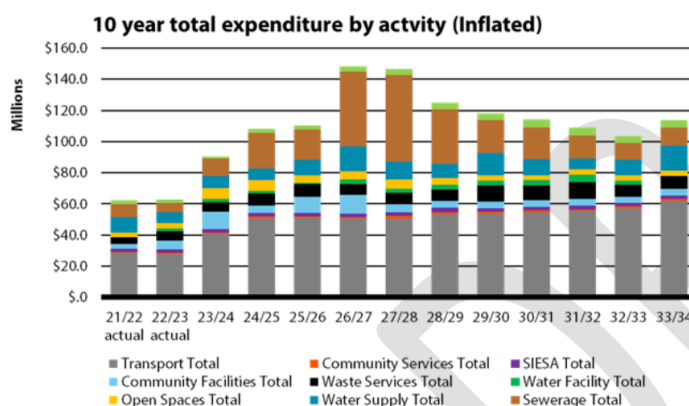
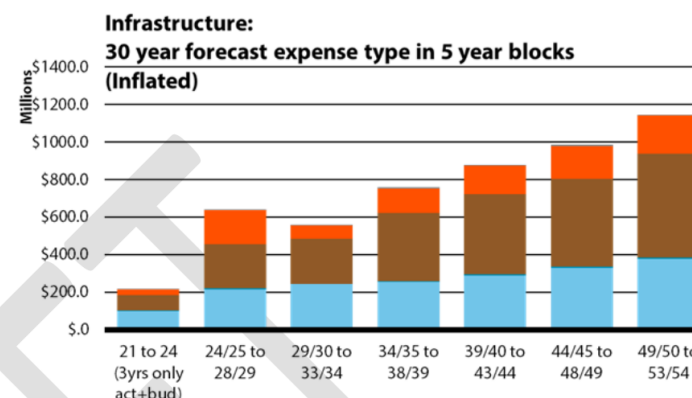
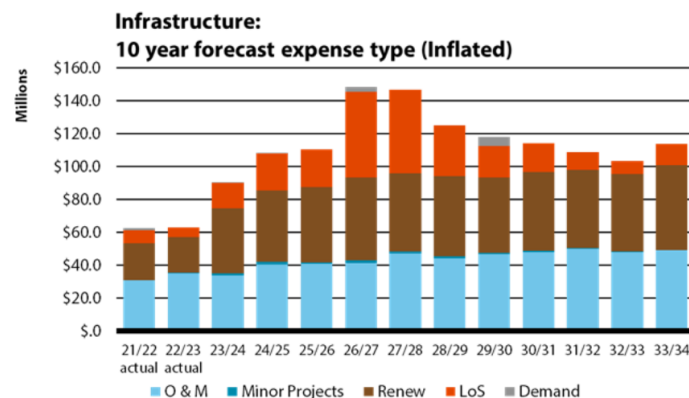
¹ O&M means general operating and maintenance costs which includes general running costs and repairs or maintenance of an existing asset.

² Renew means a renewal project which is the replacement or rehabilitation of an existing asset without changing its capacity or level of service beyond its original design.

³ LoS means a level of service project where work is being undertaken to change the current level of service usually because of changing customer expectations, regulations or standards.

⁴ Demand means a demand project where work is being undertaken to provide more (or less) of an asset or service due to changes in demand usually because of population/economic changes or changes in consumption patterns.

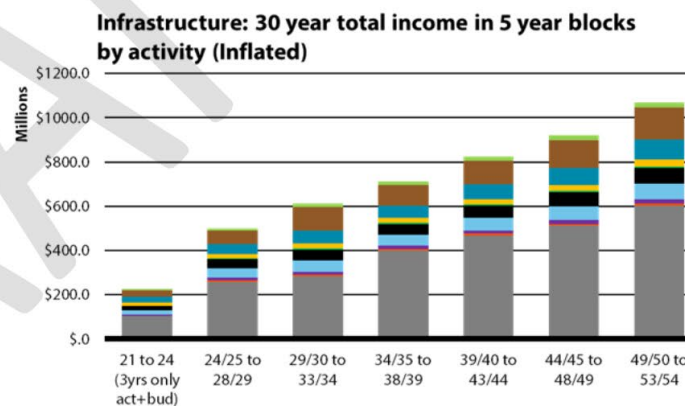
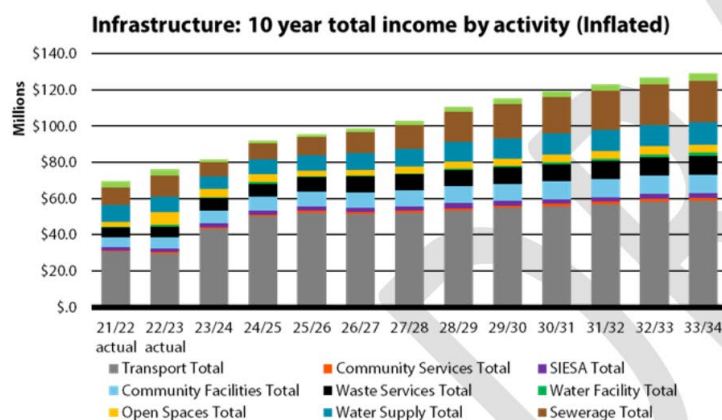
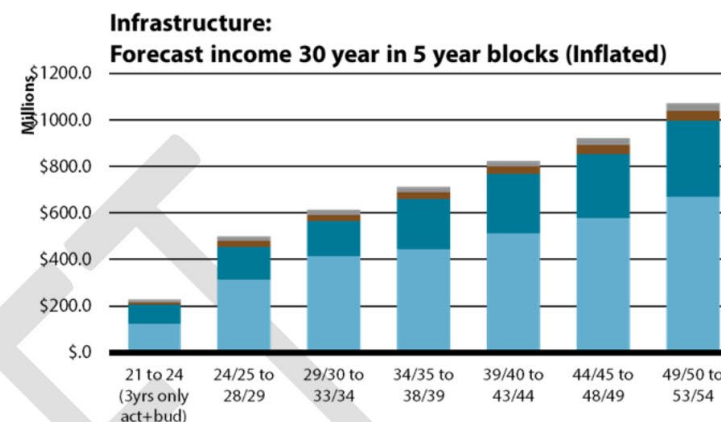
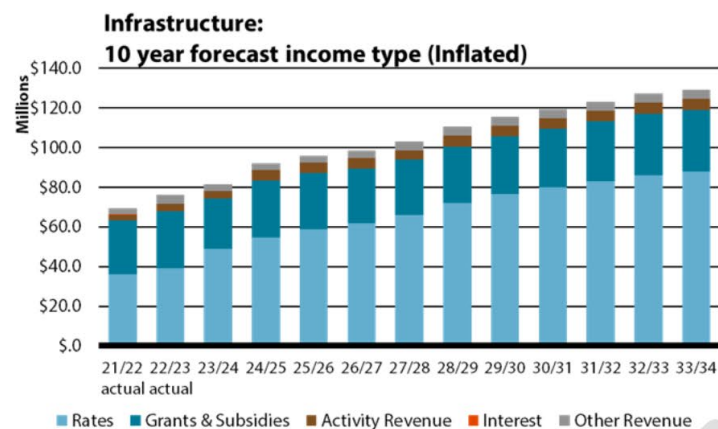
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Projected income

The graphs below show forecast total income related to the infrastructure activities by type and activity for each year of the Long-Term Plan (left graphs) and in five year blocks through to 2054 (right graphs). The majority of the income is related to the transport activity (which includes roads and bridges) with over half of the funding this coming via subsidies from New Zealand Transport Agency (Waka Kotahi). The majority of the remaining funding comes from rates with the largest portion from the targeted roading rate. Graphs showing the detailed information by activity are in section 11.

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10. Assumption and uncertainties (what don't we fully know)

In the development of this strategy several assumptions and uncertainties have been identified, that could influence the preferred investment scenario outlined. It is not always possible to build these assumptions and uncertainties into the plan proposed.

Key assumptions are

Water services: the future for water services in New Zealand has yet to be determined, until such time that Central Government confirms its proposals the Council has continued to include water supply, waste water and stormwater services in its Long Term Plan.

Central Government Funding: that the funding assistance rate (FAR) the Council receives from New Zealand Transport Agency (Waka Kotahi) will be no less than the current 55%.

Growth: that the growth rates predicted for the Southland region will materialise in line with forecasts.

Natural Disasters: that no significant weather or natural disaster will occur over the 30-year planning period, but management and operational steps are taken to develop robust and secure recovery options and integrated into future Civil Defence plans.

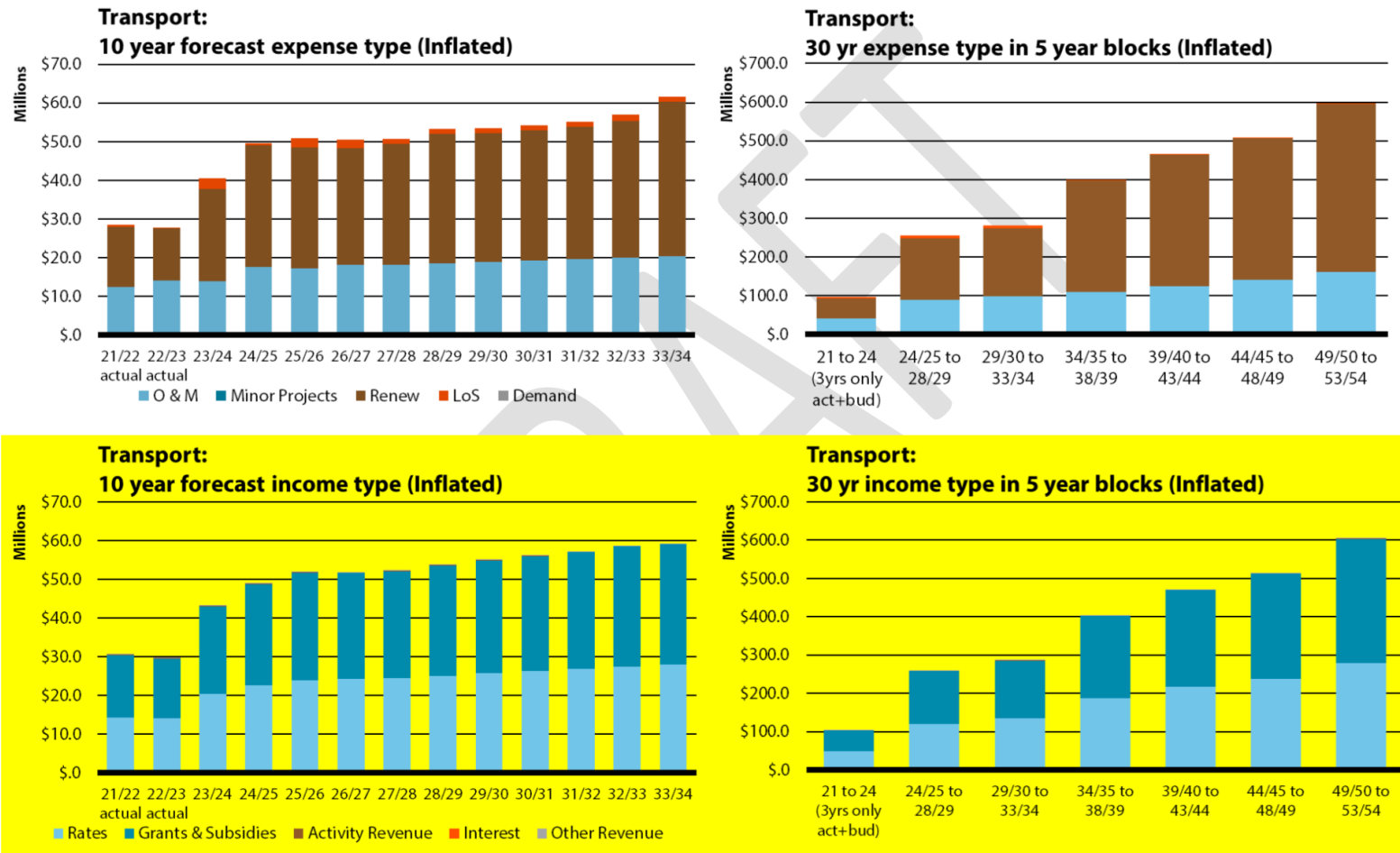
Climate Change: that the impacts of climate change are unlikely to impact adversely on infrastructure over the 30-year planning period, however in the development of new operational and maintenance contracts and the renewals or replacement of assets opportunities are taken to improve their resilience and vulnerability.

Key uncertainties are:

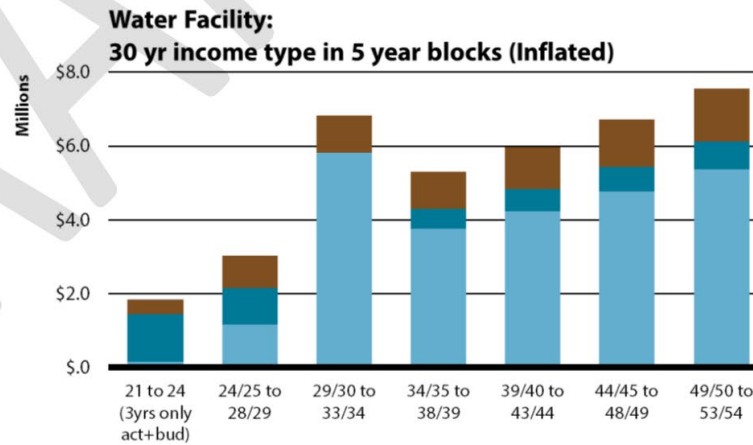
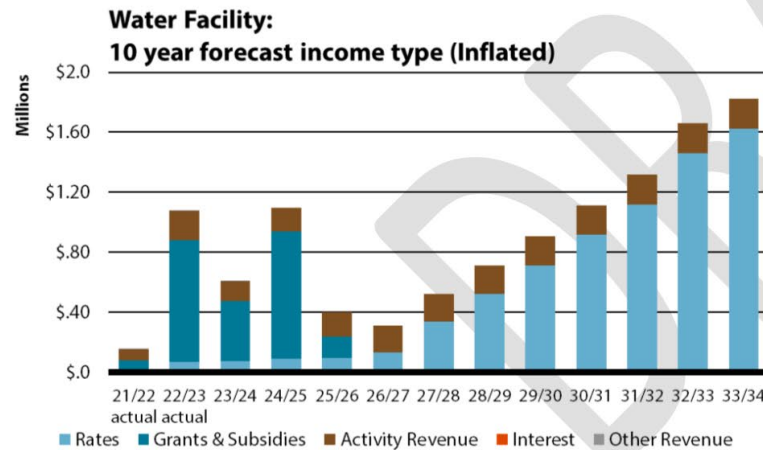
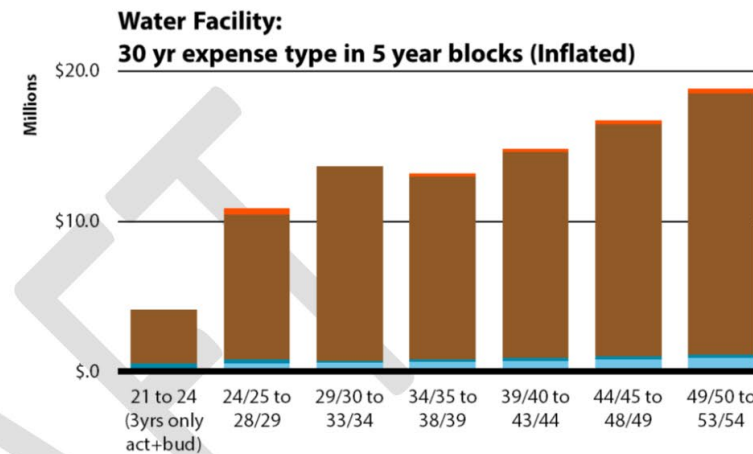
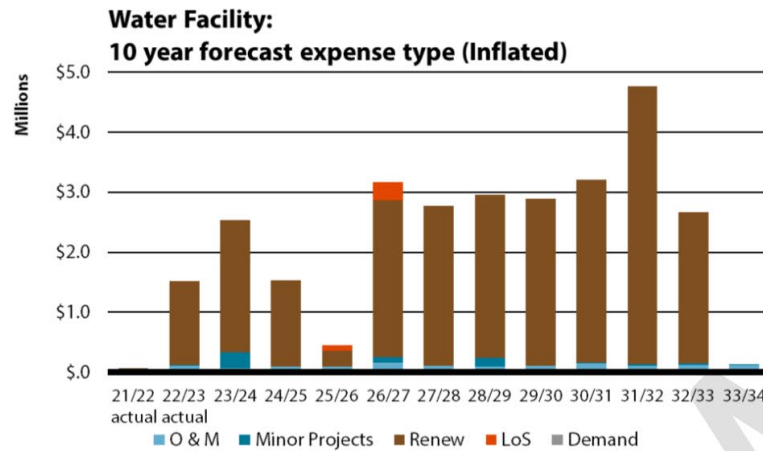
- potential impact of the Local Government review recommendations published in June 2023
- future arrangements for water services
- short to medium term economic forecasts
- the affordability of rates and charges to the local community if a prolonged cost of living period is experienced
- the likelihood of future epidemics that could initiate local or national restrictions.

11. Breakdown of financial information by subactivity

Transport financial overview (including Roading, Footpaths, Airport, Cycle Trails)

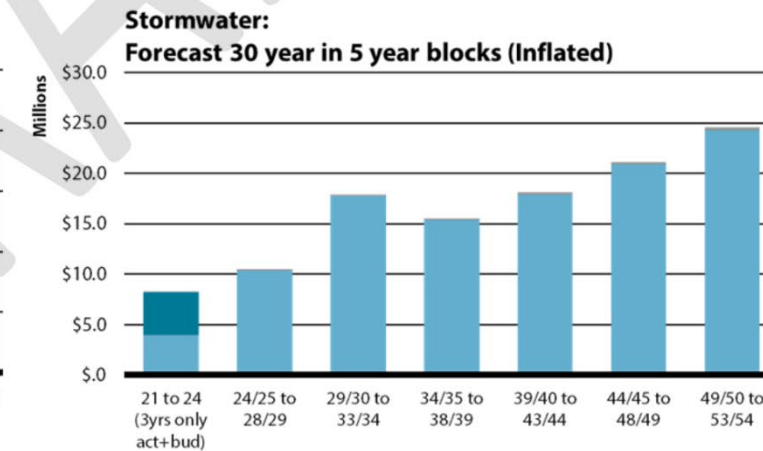
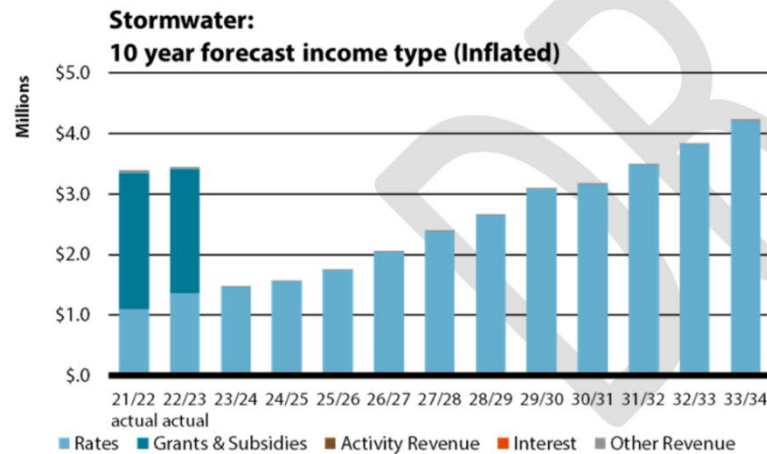
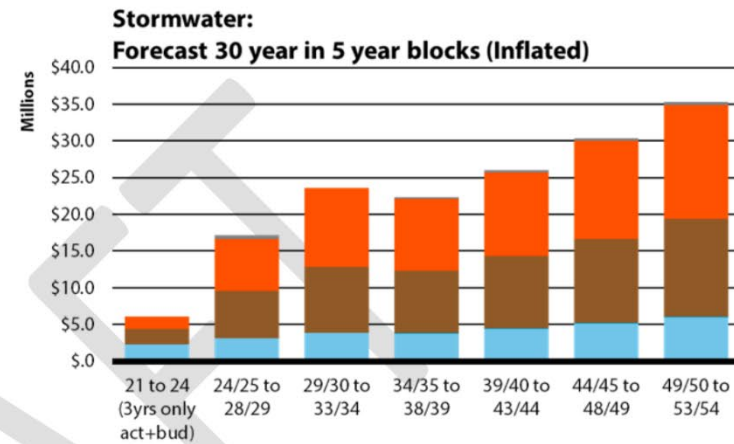
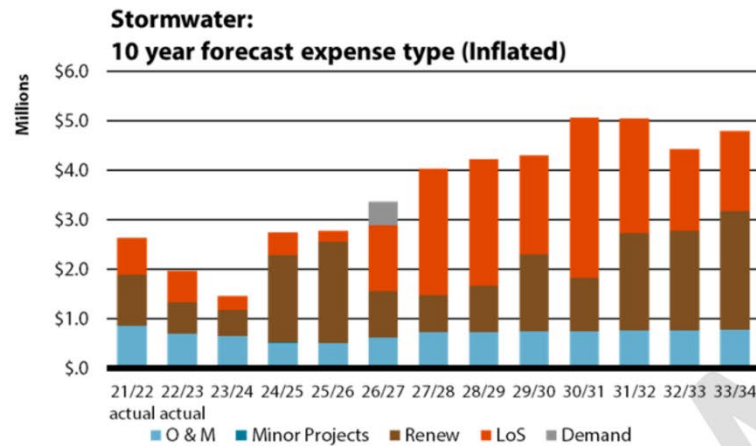


Water facility financial overview

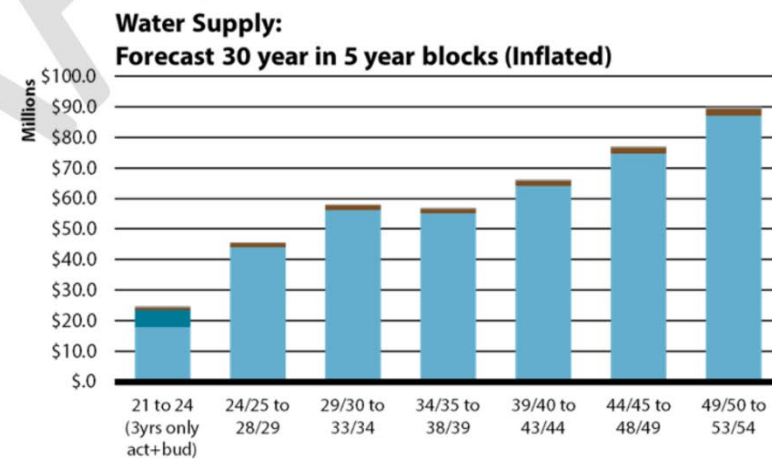
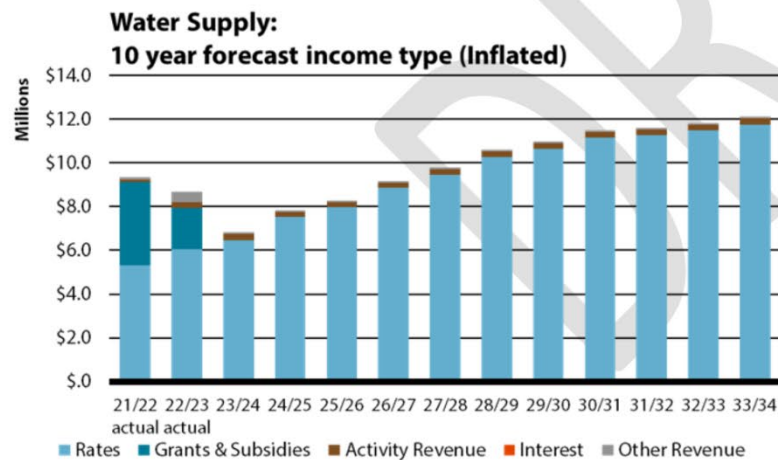
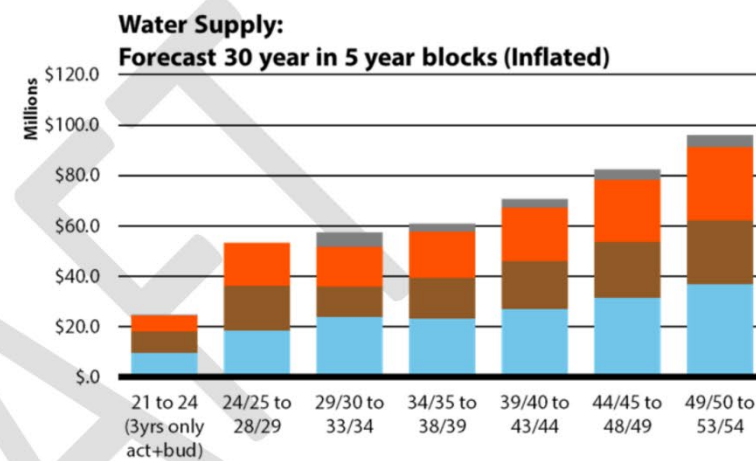
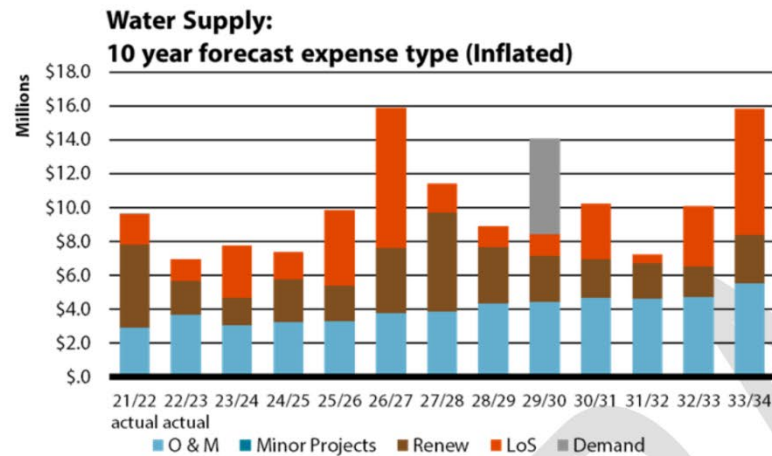


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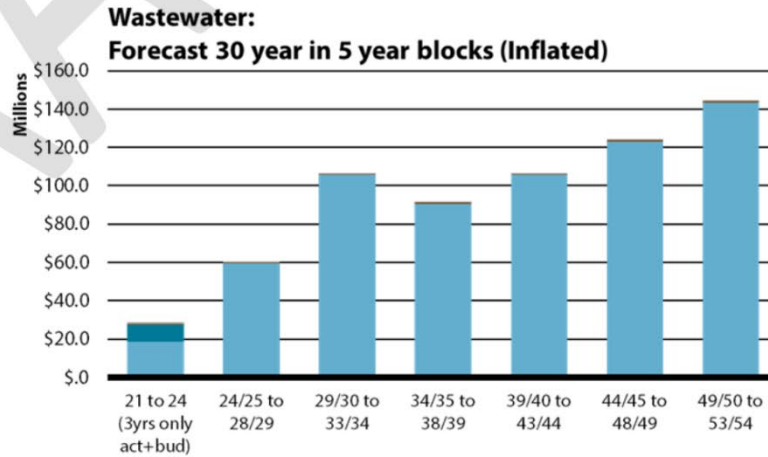
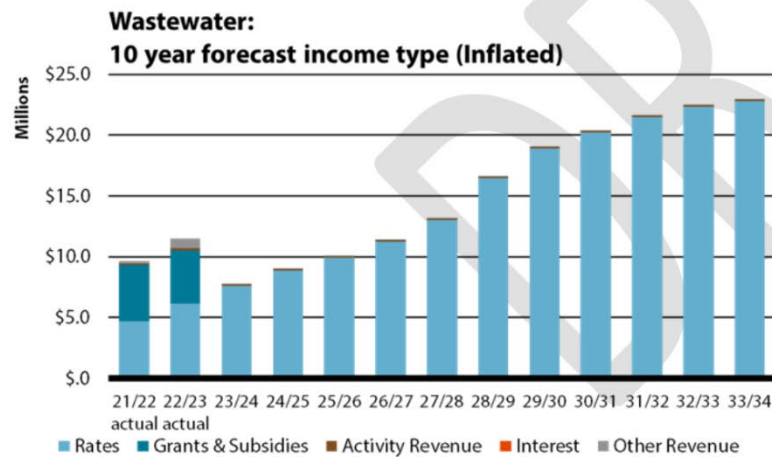
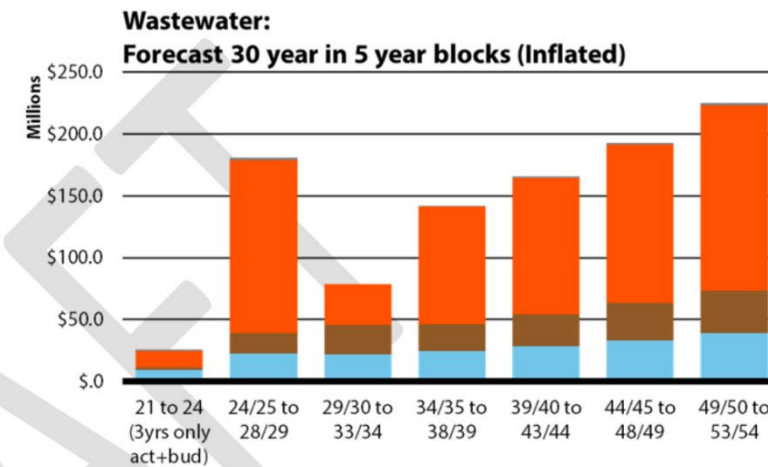
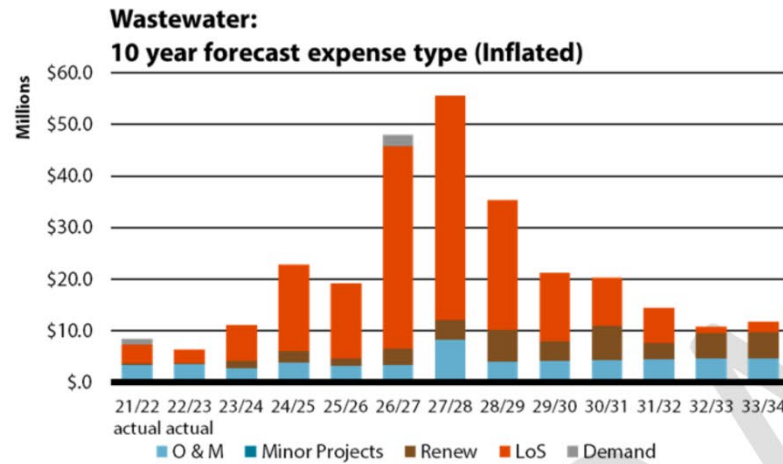
Stormwater financial overview



Water supply financial overview

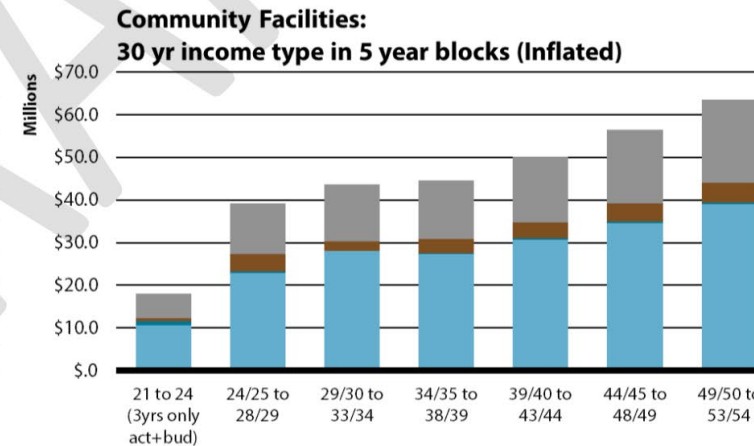
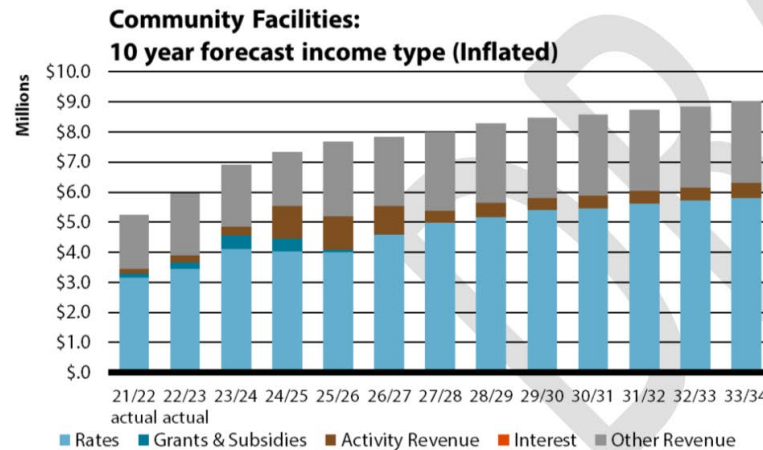
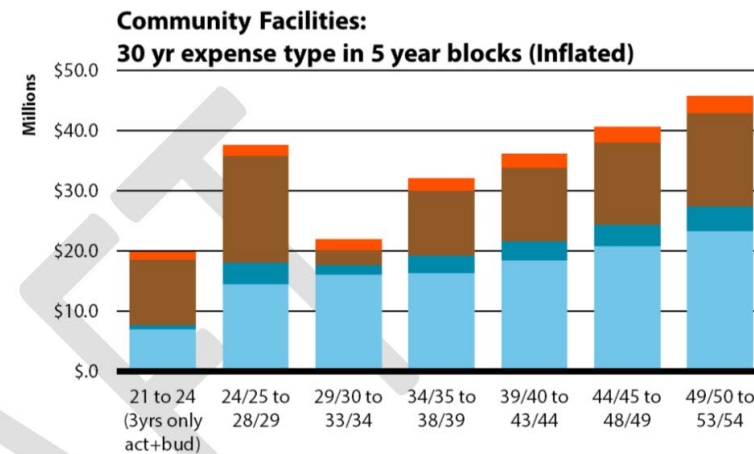
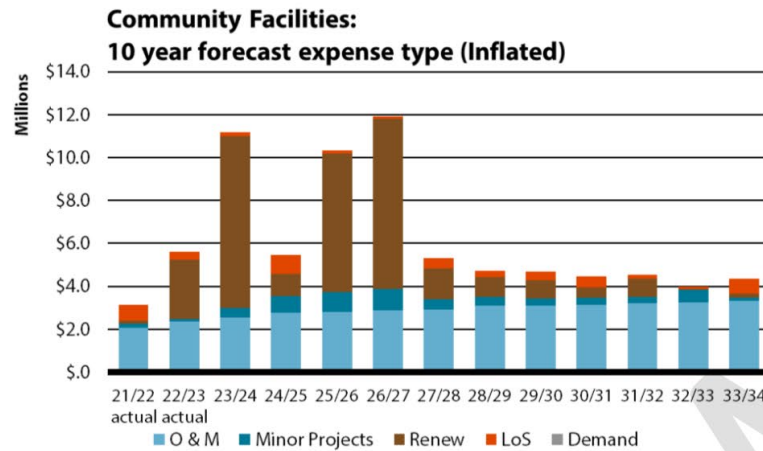


Wastewater financial overview



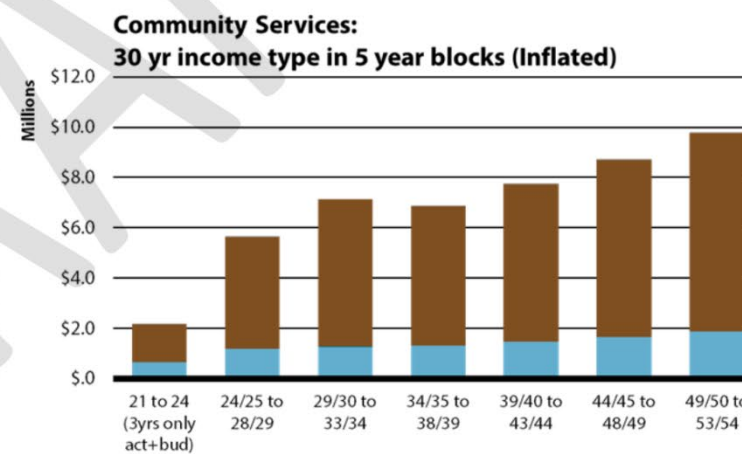
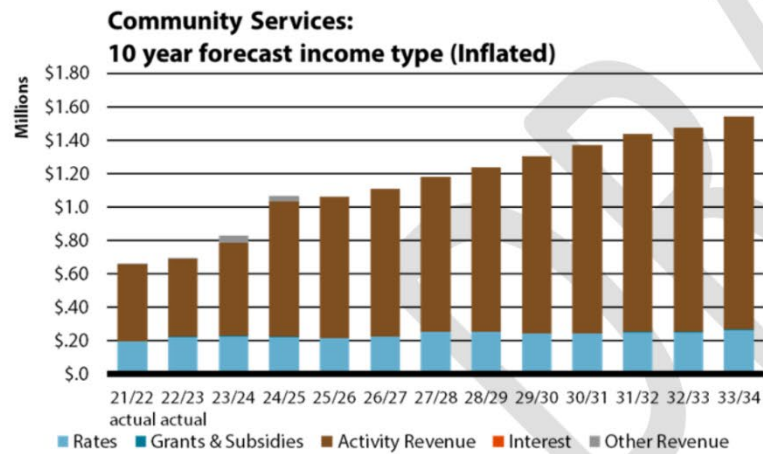
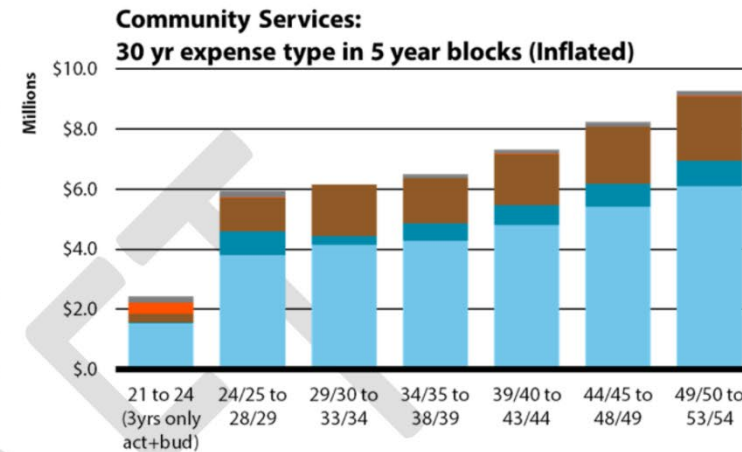
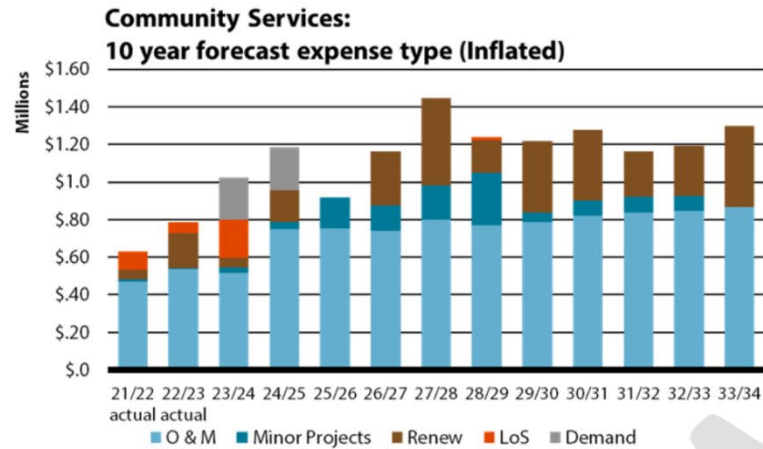
Draft Infrastructure Strategy 2024-2054

Community facilities financial overview

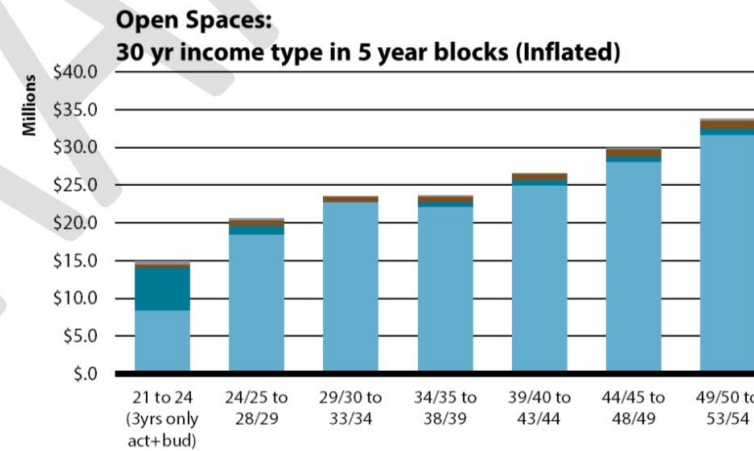
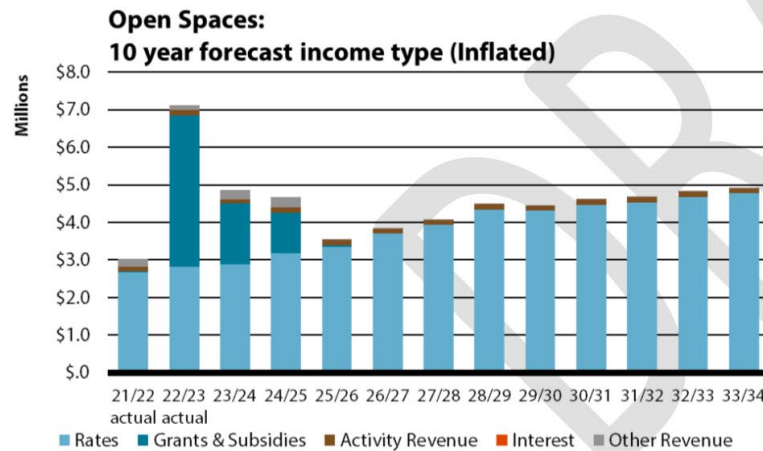
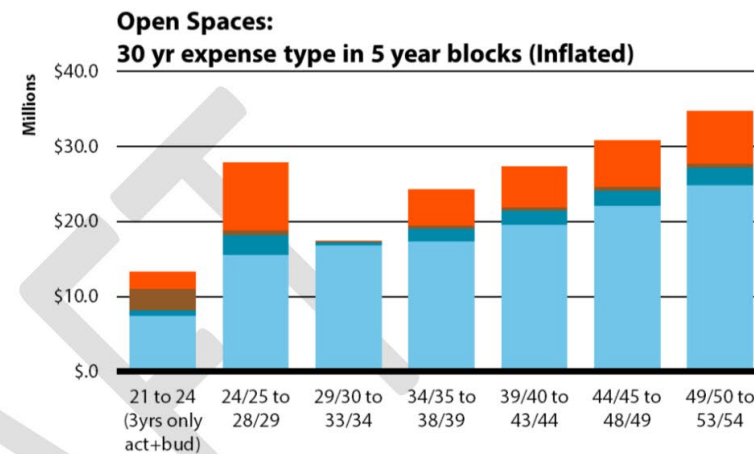
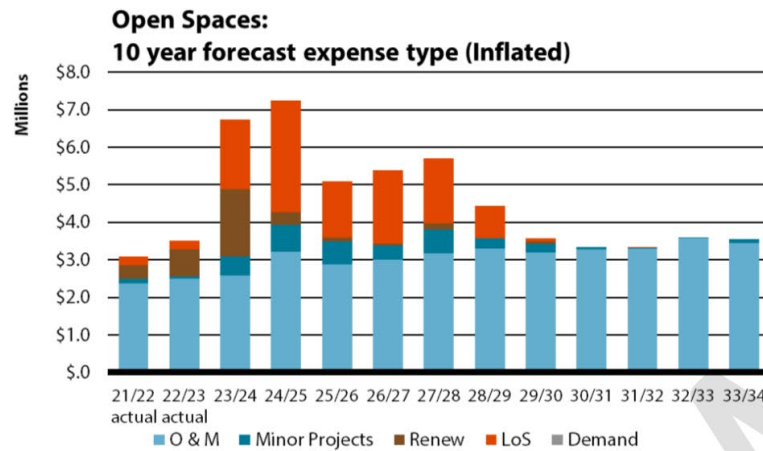


Community services financial overview

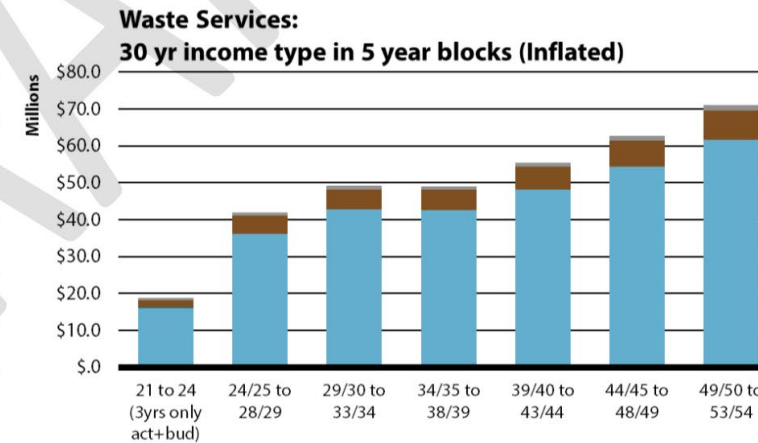
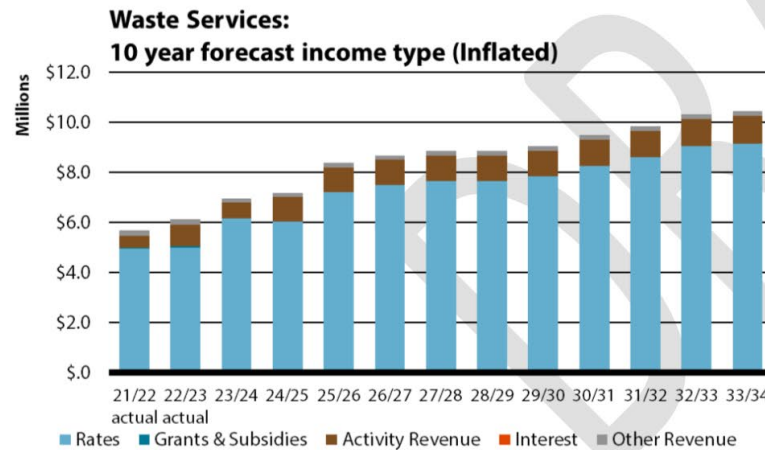
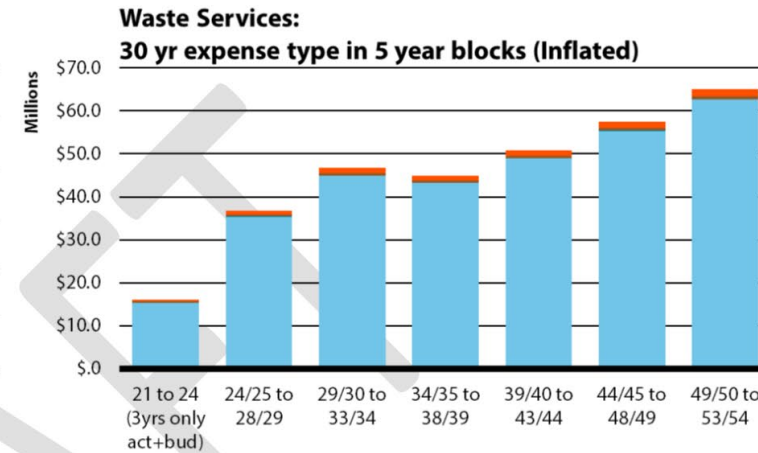
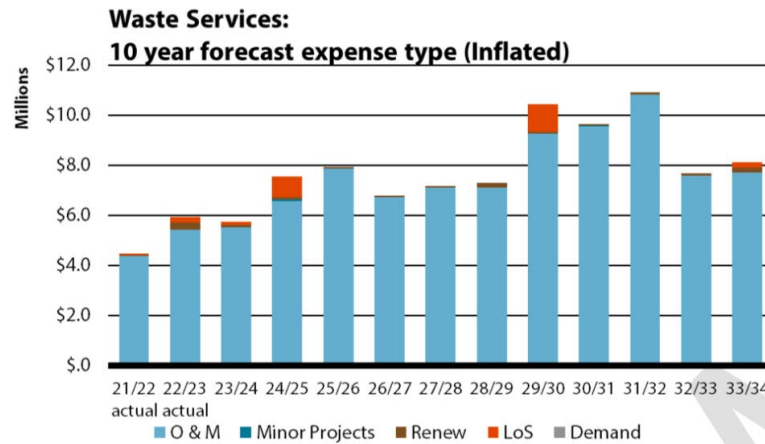
Draft Infrastructure Strategy 2024-2054



Open spaces financial overview

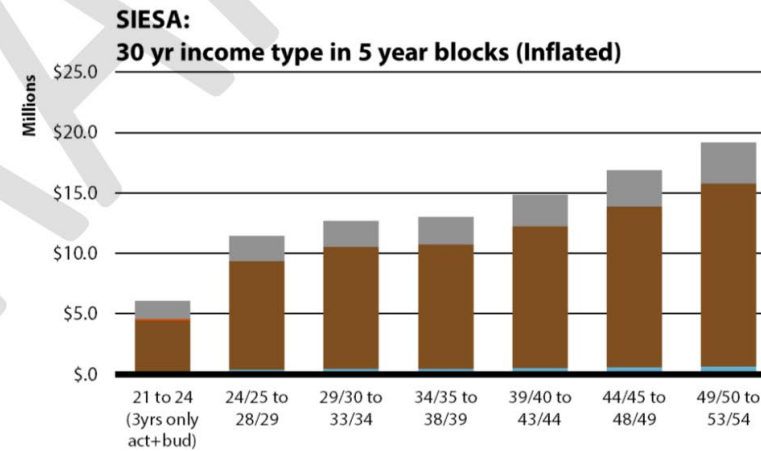
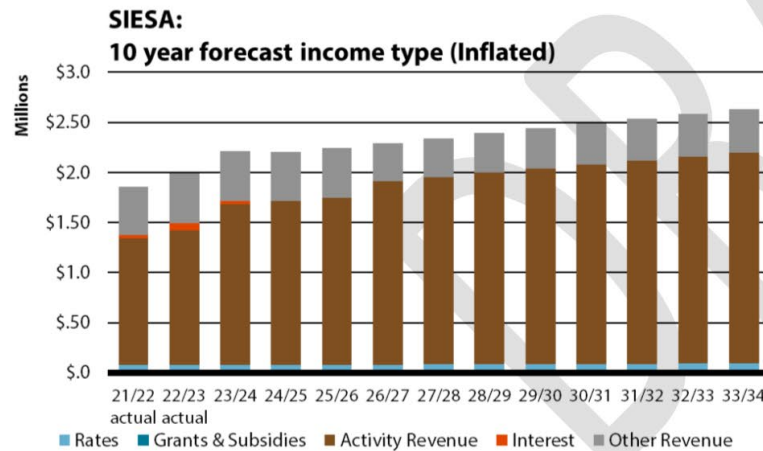
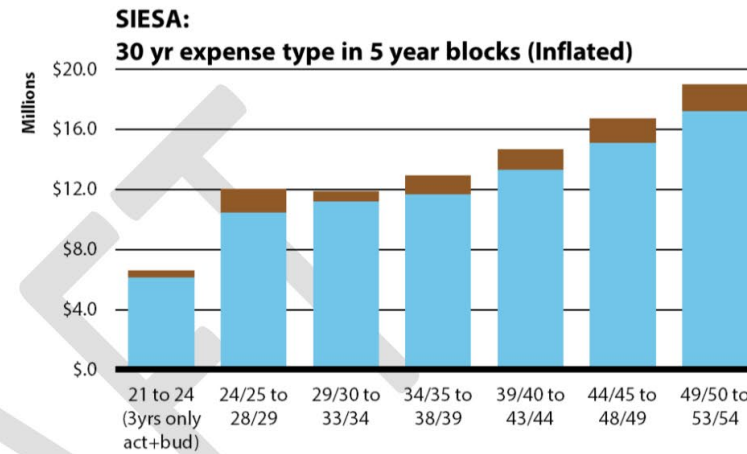
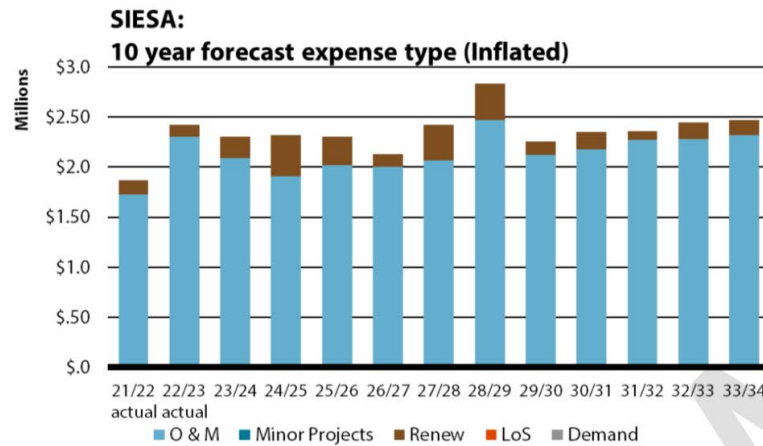


Waste services financial overview



Draft Infrastructure Strategy 2024-2054

Stewart Island Electricity Supply (SIESA) financial overview





Draft financial strategy

Supporting document for LTP 2024

March 2024

DRAFT

Southland District Council
Te Rohe Pōtae o Murihiku

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The strategy sets out our overall financial goals for the next 10 years and helps us understand if our approach is financially prudent. It sets out how we'll fund our operations and proposed capital expenditure and considers if we will have the financial capacity (income) to meet our financial needs (expenses) now and in the future.

The strategy helps us to work out if our plans are financially sound and sustainable and, if not, work out how it can be. This means thinking about whether we have got the balance right between the costs of delivering our projects and services with the funding available from rates and borrowing.

To achieve this balance, we propose the following key financial targets and limits:

- lifting our rate increase limits to 14% in year one, 11% in years two to three and 8% for the remainder of the period. The limit is being set higher than our current 8% in the first three years of the LTP given the impact of inflation raising our costs. Our debt repayment costs are also increasing as we fund the numerous upgrades of our wastewater treatment facilities to meet higher environmental standards.
- maintain our net borrowings limit at 175% of our operating income but recognising that the pressure of inflation and environmental standards on our waters assets will decrease the headroom available for emergency events.
- placing a limit on our annual capital expenditure of \$80 million per annum. This will contribute to keeping our net debt under our limit of 175% of operating income and limit rates increases to fund higher debt repayments. It will also help us to balance our operating budget in later years by making sure our operating income is enough to cover our operating expenses. However it will mean we will have to prioritise and defer some spending in three waters and lower our roading service level in some areas. At this level the programme of works is considerably higher than in prior years with an increase of \$223 million over the prior plan and a total programme of \$681 million. The increase reflects both inflationary and environmental pressures and will also require additional resources to ensure we have the capacity to deliver on the extended programme.
- continue to recognise the rates pressures on our communities by continuing to not fully fund the annual cost of using our critical assets from rates. We plan to fund 100% of depreciation on our critical assets and 88% of our overall depreciation by year eight. This is later than we intended mainly because of a material increase in asset values that has made funding gap considerably larger. Over time, the increased rate funding will also help to reduce our debt and balance our budget because these funds can be used to pay for asset renewals.
- look to achieve an overall balanced budget by 2031/2032 by ensuring our operating income is enough to cover our operating expenses.
- finding ways to increase revenue from other sources and work collaboratively with other councils and central government to advocate for a sustainable funding model for local government and support new ways to deliver core services affordably
- stop using funds collected for wastewater asset replacements to pay interest costs for our wastewater level of service borrowings. This was originally meant to be a short-term strategy to reduce rates while we worked towards fully funding depreciation. However as interest rates have increased as well as the amount of debt we've taken on, we need to apply these funds to our renewal work. Instead we are aiming to meet the annual cost of borrowing from rates from year three onwards.

Our issue continues to be a debt affordability problem for our small population more than an asset problem.

While ideally we would be replacing more of our existing assets given many will reach their end of the expected life in 30 years, the reality is that our resources are being used to fund significant improvements to our wastewater treatment and maintaining our extensive network of ageing roads and bridges. At the end of the 10 years we will be near our maximum debt allowance having invested heavily in wastewater treatment. We will have very little room to use debt to help fund the increasing amount of asset replacements we expect will be needed in the following 10-30 years. We will also only just be starting to fund the annual cost of asset replacements.

We will need to make a change. Our options could be to increase our borrowing limit to use more debt and accept that more rates will be needed later to repay it. Alternatively, we could look at additional rates increases from year four onwards to increase debt repayments or fund a greater proportion of our annual asset renewals. We've got more work to do on the choices before we identify a preferred option to discuss with our community.

Our approach to getting the right balance

Our challenge is to find a way to fund the considerable infrastructure investment needed to keep things ticking along without exceeding our community's ability to pay.

We have a large geographic area with multiple networks to maintain funded by a small and relatively static population base. The community owns a lot of infrastructure that needs to be maintained with 20 water supplies, 19 wastewater schemes, 29 stormwater areas, 18 waste sites, 5,000 kilometres of roads, 880 bridges as well as over 400 community facilities and parks - all for a population of 32,600. The assets are numerous and dispersed across the district and the cost to maintain these are increasing every year with little to no change to service levels.

The reality is we simply do not have the same economies of scale as other cities and districts who have a larger population and fewer assets to look after. And with only 0.5% annual population growth forecast, the increases in cost will largely fall to our existing population to fund.

This strategy continues with a consistent goal - to be on a sustainable financial footing where we are able to maintain the majority of current service levels whilst also meeting higher environmental and healthy living standards in a way that the community can reasonably afford without placing a financial burden on future generations.

In our last financial strategy our focus was on funding increased investment in infrastructure renewals to maintain service levels across our roading, community facilities and three waters networks and gradually upgrading wastewater treatment facilities to improve environmental outcomes and meet national regulations for improving the quality of freshwater in our rivers and lakes.

We were also working towards operating a balanced budget where our everyday costs were paid from operating income without using reserves or debt. This involved transitioning towards a more financially prudent and sustainable approach by fully funding annual depreciation on core assets from rates rather than borrowing. The aim was to ensure existing ratepayers paid for the services being provided and avoid putting pressure on future generations when the money needs to be paid back.

To begin reducing the funding gap we committed to higher rate increases early on in the plan and raised our net debt ceiling in order to fund our increased capital costs and maintain borrowing capacity for unexpected events. We also revised our investment strategy to be able to diversify how we were investing our reserves with the aim of generating higher investment returns.

While our goals remain the same, significantly increased financial pressures from factors outside of our control mean this task keeps getting harder. Inflation, rising interest rates and escalating costs for insurance, annual asset use and maintenance are making it challenging to maintain service levels for the same amount of funding. To put it into perspective, to just cover these types of cost increases we're looking at an average rate increase of 10%. If we were to keep our funding at a level to maintain current service levels in roading and waters, we'd actually be facing an average rate increase of 18.4%.

Our updated rates affordability modelling also indicates that median total rates (both Council and the regional Council) now make up around x% of median household income, this is higher than the 5% previously indicated by Council as the upper assessment of affordability. By year 10 it is expected to increase to [insert figure].

[insert graph]

The reality is that we are now unable to deliver the same service and financial outcomes without increasing rates further. This means we are making some changes to our financial management approach in this strategy.

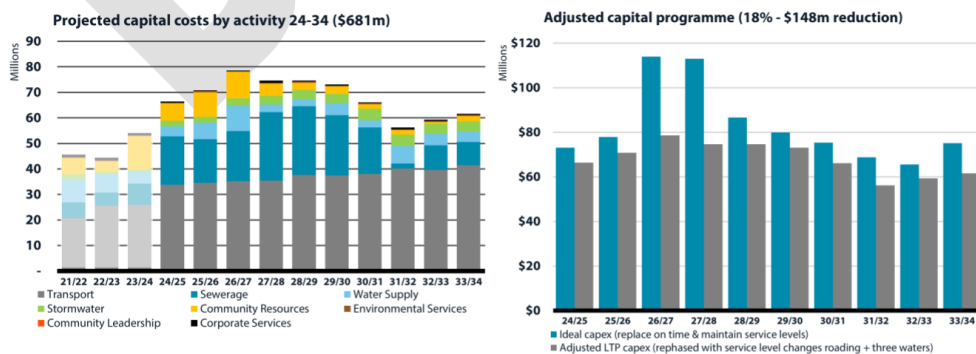
We've had to strike a new balance between what service levels and programme of work we can realistically deliver with what is legally compliant, affordable and financially prudent and sustainable in the long term.

It's meant we've had to reprioritise and re-phase some of our infrastructure spending on roads, water and wastewater over the next ten years. This has helped to reduce our debt and associated loan repayments and contributed to a lower average rates increases over the 10 years than it would have been if these changes weren't made

We also have to remember that our 30 year infrastructure strategy indicates we will have even more pipes, roads and bridges that need to be replaced after 10 years meaning we will need to make sure we maintain financial capacity to fund this future work as well respond to any unforeseen events, like a natural disaster.

► **We're adjusting our infrastructure investment to deliver a more affordable and achievable programme**

Overall we're upping our capital expenditure by over \$222 million to \$681 million compared to our last strategy with greater investment overall planned in roading and wastewater. However, we have also had to reduce our programme by 18% (\$148 million) from the level suggested in our asset planning to help reduce debt, keep rates lower and ensure it is deliverable. This will result in some assets not being renewed or upgraded at the time they should be and will push some costs further into the future. This approach also carries some risk that the level of service experienced by the community will reduce over time and create a greater risk of asset failure.



We are opting to limit investment in road renewals to 79% of the required investment suggested by our asset planning. This will mean a reduction in the amount of road resurfacing, rehabilitations and associated drainage replacements done each year and result in the prioritisation of renewals where the greatest need or risk is. In total \$85 million of capital expenditure has been removed leaving \$323 million in the plan. It means more sealed roads are likely to become slick or suffer pavement failures requiring speed restrictions and will increase reactive maintenance costs needed to patch roads or respond to failures. On some roads carrying low volumes of traffic, the road surface will inevitably break up and likely revert to gravel over time. While this isn't ideal, funding 100% of the renewal costs would have added around 5% onto our proposed rate increase in year one.

The return of three water assets has also provided a significant funding challenge to balance the required treatment upgrades and ageing asset replacements within our rate and debt limits. We've moved out the timing of wastewater treatment upgrades for two schemes on the assumption that we will be able to extend current consents for a further five years. We still plan to complete these in the ten years, but changing the timing of this work takes pressure off debt and rates over the 10 years and also means we have a better chance of being able to secure contractors to deliver the work. Overall we're planning to deliver on 80% of our ideal three waters asset programme and will invest around \$260 million in capital expenditure over 10 years. Of the \$63 million removed, \$45 million is for wastewater asset replacements that have been deferred to the following ten years. This includes half of our underground pipe renewals (\$17 million), investments in additional equipment to improve resilience (\$3 million), holding off on extending our network (\$10 million) and looking at different solutions for planned projects (\$10 million). The other \$18 million relates to water assets including \$2 million of underground pipe renewals and delays to projects to improve water security/storage, bores and treatment (\$13 million).

Just like roading, this approach has risks and is likely to increase reactive maintenance costs and will require careful management to ensure the assets with the greatest risk of failure are prioritised for renewal. Deferrals will also mean that we will have to catch up on this work over the next ten year period.

► **We're taking a bit longer to balance our budget and change how we fund asset replacements**

To keep the costs down in the short term, we're also planning to not collect enough money from rates to cover our operating costs, resulting in an unbalanced budget.

This is primarily because we will not be fully rate funding the annual cost of looking after our assets (known as funding depreciation). This is a way of ensuring that current ratepayers are meeting the full cost by funding the annual use of assets from rates.

We've consistently been working towards fully funding annual depreciation from rates to help balance our budget since 2015. We already fully fund depreciation on roading and our existing financial strategy had us fully funding depreciation on water and wastewater assets by 2028/2029 to put us in a position where we could then consider funding depreciation on other community facilities like stormwater and footpaths.

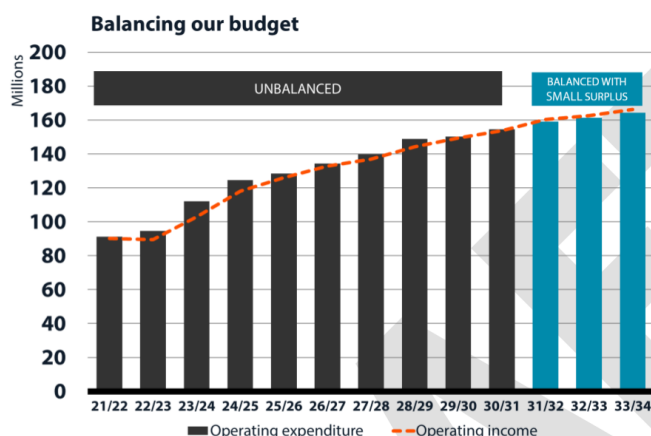
However, with the value of our water and wastewater assets increasing significantly over the past three years, we'd now need to collect \$5.7 million more in rates over the next three years to achieve our original timeframe. This equates to a 3% rate increase per year.

Given the cost pressures we're now facing, we're proposing to extend the timeframe and will now reach the target by 2031/2032. This will mean that we won't be collecting enough money to cover our operating costs, resulting in an unbalanced budget for the first seven years of our plan.

We are also proposing to not fund the depreciation on other assets given we are not sure if they will be replaced or what they will be replaced by. If they were to be funded it would add a further \$1.6 million (3%) in rates which we know the community can't afford right now.

While keeping rates down probably sounds like a good idea at the moment, it is important to realise this will have longer term consequences and we will have to borrow an extra [insert amount \$x] through to 2031/2032 to fund renewals, which will result in an additional [insert amount \$x] million in interest costs during that period.

It also means we don't meet the balanced budget benchmark for the first seven years of the LTP which isn't financially sustainable long-term. However, we believe it is appropriate given we are deliberately making this choice in response to the challenging economic conditions facing our community and given our clear intent to close this gap within this plan, returning to balancing our budget in from year eight. The charts show how we are working towards funding depreciation and balancing our budget.



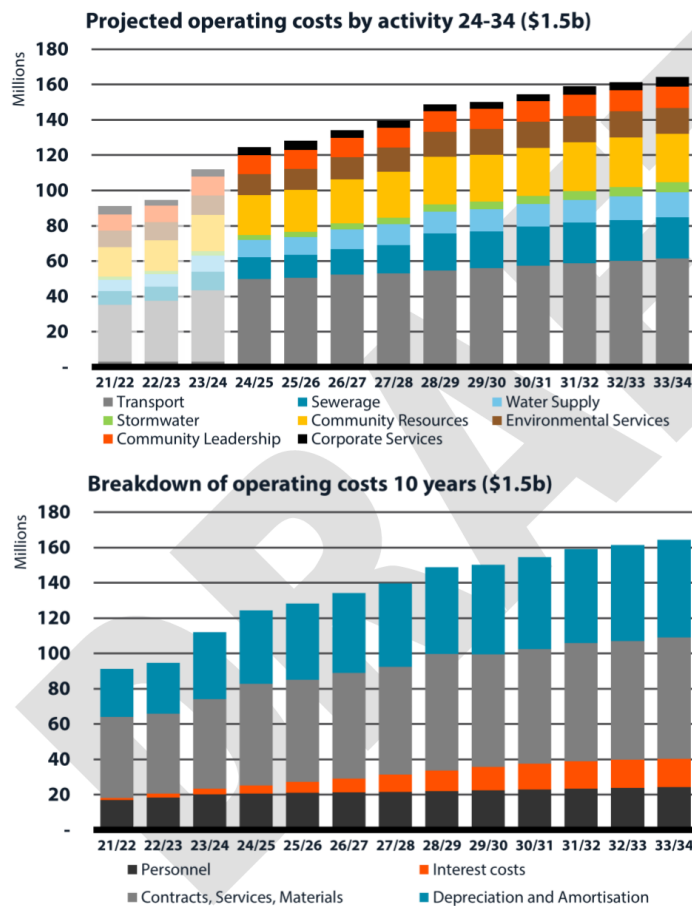
What we are expecting with this approach

The tables and graphs below summarise the key financial data from our LTP to show what happens to revenue, expenses, rates and debt over the 10 years because of this approach.

Summary Profit and Loss	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Rates revenue	\$72	\$79	\$87	\$92	\$98	\$102	\$107	\$110	\$113	\$114
Other revenue	\$46	\$48	\$46	\$45	\$47	\$47	\$47	\$50	\$50	\$52
Less										
Operating costs (excl depn)	\$83	\$85	\$89	\$92	\$100	\$100	\$103	\$106	\$107	\$109
Depreciation (funded SDC)	\$20	\$21	\$23	\$24	\$26	\$27	\$29	\$30	\$30	\$31
Depreciation (funded Waka Kotahi)	\$15	\$15	\$15	\$16	\$16	\$16	\$17	\$17	\$17	\$17
Depreciation (non-funded)	\$7	\$8	\$7	\$7	\$7	\$7	\$7	\$6	\$7	\$7
Surplus/(Deficit)	(\$6)	(\$2)	(\$1)	(\$3)	(\$5)	(\$1)	(\$1)	\$1	\$1	\$2
Summary Balance Sheet	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Reserves	\$38	\$40	\$43	\$47	\$52	\$59	\$67	\$80	\$87	\$96
Cash & Investments	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Fixed asset additions (before revaluation)	\$66	\$71	\$79	\$75	\$75	\$73	\$66	\$56	\$59	\$62
External loans	\$122	\$156	\$195	\$230	\$268	\$300	\$325	\$342	\$351	\$363
Net debt	\$78	\$104	\$135	\$160	\$187	\$207	\$220	\$220	\$221	\$222
Capital Expenditure (capex)										
- to replace existing assets	\$42.7	\$46.6	\$49.9	\$43.8	\$47.4	\$45.0	\$45.5	\$48.9	\$47.9	\$51.5
- to improve the level of service	\$23.3	\$22.6	\$27.1	\$30.8	\$27.2	\$26.4	\$20.6	\$6.3	\$11.4	\$10.1
- to meet additional demand	\$0.4	\$1.5	\$1.5	\$0.0	\$0.0	\$1.7	\$0.0	\$0.9	\$0.0	\$0.0
Total capex	\$66.4	\$70.8	\$78.5	\$74.6	\$74.6	\$73.1	\$66.1	\$56.2	\$59.3	\$61.6

► Cost to operate

We're proposing to spend \$1.5 billion over 10 years on the day-to-day services the Council provides. This is a 38% increase on our last LTP and is mainly the result of an increase in maintenance and operating costs for our transport, three waters and community resources activities due to inflationary factors. One of the consequences of taking on more debt to fund our infrastructure programme is that we will be faced with an increase in interest payments which will rise from \$4.5 million to \$16 million per annum. Our decision to delay the replacement of some roading and three waters assets is also likely to result in additional reactive maintenance costs longer-term. To achieve our aim of balancing our budget annually we will need to increase rates or other revenue like fees.

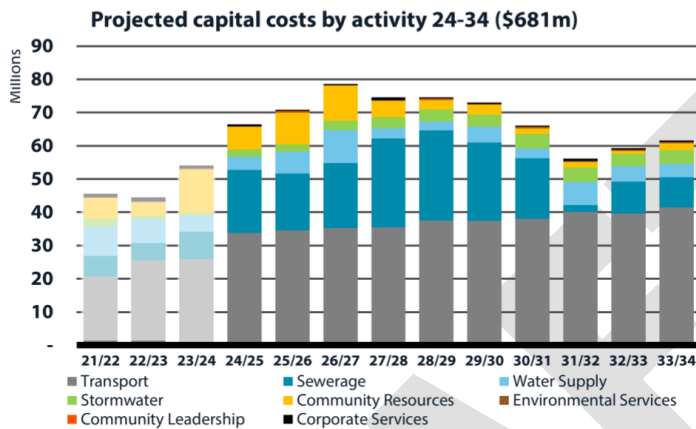


► Capital investment

We've budgeted a total capital investment of \$681 million over 10 years to replace and build new assets. This is up 49% on our last LTP. While a portion of the increase is due to cost rises, most of the investment is to deliver on our infrastructure strategy. We are proposing asset replacements across all of our infrastructure, but are investing the most in renewing our ageing road and bridge network. For most of the period we are also planning upgrades to township wastewater treatment processes to meet higher

environmental standards and will be looking to extend current discharge consents to smooth out this work.

We're looking at a core capital spend of \$66 million in the first year, \$71 million in the second year, peaking to \$79 million in the third year. Transport makes up 76% of the total \$469 million renewal programme with wastewater delivering 58% of the total \$206 million of improvements to levels of service.



Originally Council was considering a higher programme of renewals (\$148 million) but the additional \$15 million of debt-funded capital per annum would add 2% (\$1 million) onto the annual rates and further reduce borrowing headroom. Instead we've decided to keep our annual capital programme under \$80 million to ensure we can do all the work in the timeframes we've set and within our debt and rate limits.

While we've made this decision, we have to be conscious that Council's infrastructure strategy provides a longer-term view and identifies that significant additional investment in renewals and capital improvement are required within the next 30 years. The graphs below give an indication of what will be required.

There will continue to be an affordability challenge in the future, especially when we think about how much we need to invest in infrastructure and how we're going to pay for it, including the level of rates required after the current LTP period.

[Transport and 3 waters graphs to be updated]

Core infrastructure focus

Transport

(focus on renewals)

Continuing our bridge replacement programme and gradually increasing the quantity of sealed roads we rebuild but reducing our pavement resurfacing.

\$373 million over 10 years

Water supply

(focus on renewals and meeting regulatory requirements)

Increasing funding to replace pipes improving treatment processes and equipment to meet standards.

\$50 million over 10 years

Wastewater

(focus on meeting regulatory requirements)

Upgrading wastewater treatment processes to improve environmental outcomes and renewing some pipes and other equipment.

\$172 million over 10 years

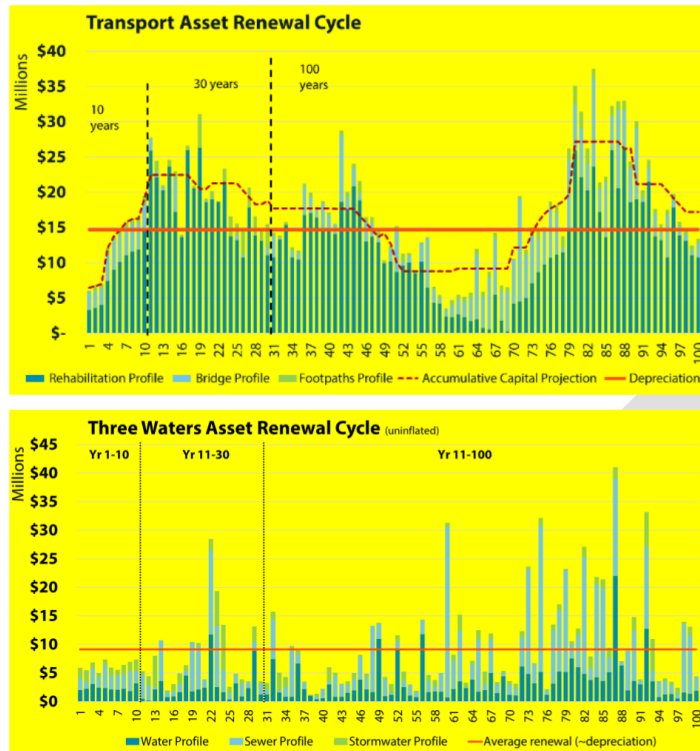
Stormwater

(focus on maintenance and renewals)

Replacing pipes, improving discharges and addressing overflow and infiltration issues

\$30 million over 10 years

More information about our assets and what is needed over the next 30 years is detailed in Council's 2024-2034 Infrastructure Strategy and supporting Activity Management Plans.



Our approach is to use a mix of reserves (including rate funded depreciation reserves), loans and rates to fund capital costs. We do this because it spreads the costs across the life of the asset so that those who use or benefit from the asset pay for their use. Capital expenditure is the cost of replacing or building new assets. We categorise our capital expenditure into three groups - renewals (which is the cost to replace assets), levels of service (which is the cost to upgrade existing assets or build new ones to improve service levels) and demand (which is the cost to provide additional capacity to accommodate growth or demand),

We have five key methods for funding our capital costs – rates, other reserves (including rate funded depreciation reserves), loans, grants/subsidies and financial/development contributions.

Funding depreciation is one of the methods that is commonly used.

Depreciation is a term used to estimate the annual cost of using an asset.

We collect depreciation each year through rates. For example, if a pipe cost \$100 and was expected to last 100 years, then we would charge you \$1 in your rates each year to reflect the annual use.

At the moment we are collecting rates related to the depreciation of our core infrastructural assets including roading, bridges, streetlights, water and wastewater. If we have a year where we have surplus funds in our depreciation reserves we will also use these to reduce any debt associated with that asset group.

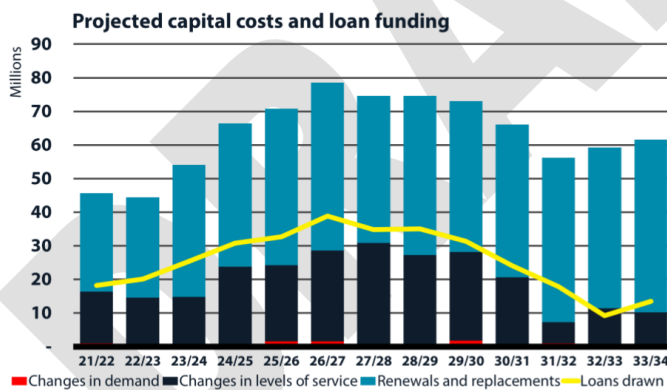
Loans are the other method commonly used to fund capital expenditure.

Snapshot of depreciation

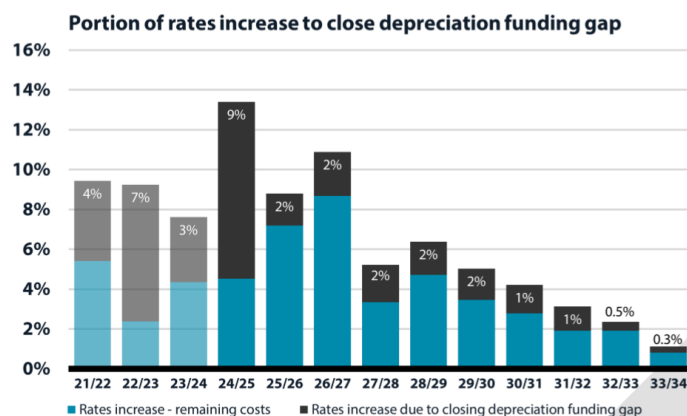
	Y1	Y10
<i>What we fund in the plan</i>		
Funded	\$34m	\$48m
Unfunded	\$7m	\$7m
<i>What we have in our depreciation reserves</i>		
Reserves	\$1m	\$5m

How we're paying for our capital programme in this strategy	Rates or reserves	Loans	Other (grants)
Paying for renewals Our overall approach is to pay for the renewal of assets firstly from any specific reserves collected for that asset (including depreciation reserves). If we don't have enough in our reserves we will use a loan. In the case of roading, we fund all of our capital expenditure (including renewals and level of service improvements) from rates because a consistent a level of capital expenditure is needed every year	[insert amount % \$x]	[insert amount % \$x]	[insert amount % \$x]
Paying for levels of service improvements Level of service related capital expenditure is generally funded from loans. Over the plan period may also utilise excess depreciation funding to offset overall loan costs in the same activity	[insert amount % \$x]	[insert amount % \$x]	[insert amount % \$x]
Paying for demand We fund demand related capital expenditure from financial/development contributions (where we have these) or loans.	[insert amount % \$x]	[insert amount % \$x]	[insert amount % \$x]
More information about how we fund the operating and capital expenditure for each of our activities can be found in our Revenue and Financing Policy 2024.			

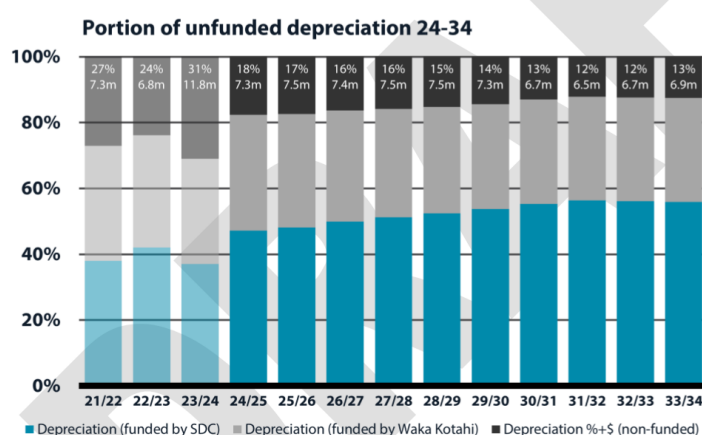
The graph below provides an indication of what we are using loans for. Where the yellow loan line sits within the blue renewals bar is where we are loan and reserve funding renewals. It reflects our decision to slow down the rate at which are fully funding depreciation and not funding depreciation on non-critical assets. Renewals will be funded by loans for most years indicating we are not collecting enough rates to cover our annual depreciation costs. Over the ten year period **\$56 million** in loans will be used to fund renewals (up from **\$26 million** in our last strategy). 28% of this is for stormwater renewals and 61% is for renewals of community facilities.



The goal of fully funding our renewals from rates is a key element in achieving a balanced budget. By 2031/2032 we should be funding 100% of depreciation on water and wastewater assets. This has been a long term goal made harder by significant increases in the value of assets over time. To illustrate the graph below shows that **9%** of our proposed 2024/2025 rate increase is because we need to collect more rates needed to fund depreciation following a significant increase in their value since 2021.



If we chose to 100% fund depreciation on our water and wastewater assets sooner in 2024/2025, then the proposed rates would need to increase by \$5.7 million which would equate to additional 9% over and above the current rate increase. If we were to fully fund depreciation on all of our assets (including stormwater and community facilities like playgrounds and halls), then the proposed rates would need to increase a further \$1.3 million (3% in rates).



At this stage we have decided to prioritise funding depreciation on our water and wastewater assets given affordability concerns and uncertainty about whether some community assets will be replaced in the future. This is something we'll revisit in our next strategy review.

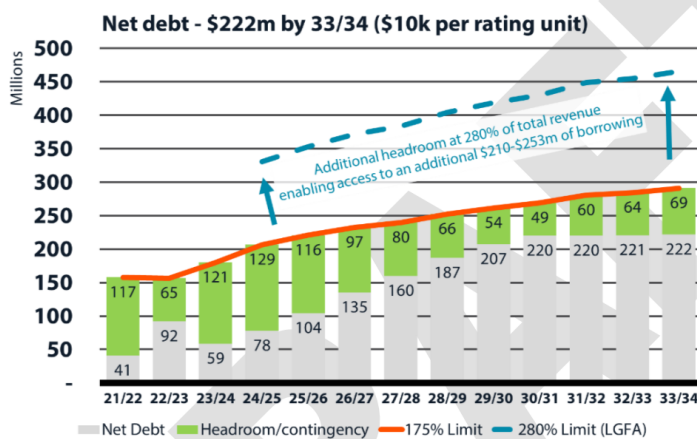
► How we intend to use debt

Debt is an important funding tool, enabling investment in infrastructure to be paid for by both today's ratepayers and those of the future, promoting intergenerational equity.

Our approach is to use debt to fund the cost of improving assets to increase levels of service or fund asset replacements where depreciation funding from rates is insufficient. We also use debt to fund unexpected capital costs or to respond to natural disasters. Occasionally we may also use debt for operational expenditure that has a benefit over multiple years where the term of the debt will reflect the period of benefit. We look to manage debt prudently within the constraints of our financial management policies

(including our policies on Investment and Liability and Revenue and Financing). The security for borrowing will be by way of a charge over rates in line with our Investment and Liability Policy.

Over the plan period we're borrowing \$268 million for the capital programme and repaying \$60 million of debt. Our infrastructure needs mean we propose to materially increase net debt over the next ten years. This will be mainly to fund improvements to our three waters wastewater treatment plant upgrades to meet higher environmental standards and renewal work on pipes and equipment for three waters and community facilities across the district. In particular we have six large wastewater plant improvement projects to do that will require over \$130 million of borrowing alone. This means our three waters borrowings will be significantly higher than the other activities accounting for around 66% of our total \$222 million of net debt by 2034. This is largely due to the significant investments we're making to upgrade our wastewater treatment as well as fund some pipe and equipment replacements. Borrowing for any renewal of these replacements should gradually reduce over time as we start to fully rate fund depreciation on these activities.



This will see our debt reaching a peak of 143% of total revenue in 2030/2031 near our borrowing limit of 175%. At this point our borrowing headroom would be reduced to \$49 million, severely limiting our ability to respond to unexpected events like natural disasters.

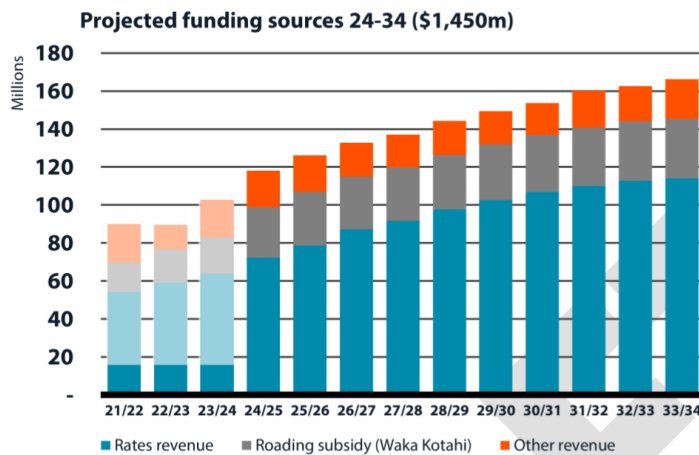
We will likely need to consider whether the debt limit should be raised and if so at what level when we next consider our financial strategy. An increase to our borrowing limit would require us to get a credit rating and we would then be able to access borrowings up to 280% of total revenue from the Local Government Funding Agency. This would increase how much we could borrow and provide a maximum headroom of between \$210 - \$253 million if we needed access to additional funds for an unforeseen event.

While the use of debt promotes a level of equity, we need to keep in mind that it has to be paid back and also comes with a risk that interest rate rises can increase debt servicing costs. As an example, \$10 million borrowed at an interest rate of 2% for 30 years equates to a 1% increase in rates.

Our current projected level of borrowing will see our interest costs rise from \$4.5 million and reach \$16 million by year 10 meaning 10% of our annual revenue will be used to fund interest. At this level our debt servicing costs are close to breaching the recommended limit of 10%. We need to carefully consider how we fund the following 10 year capital programme and whether it is prudent to increase our debt limits any further.

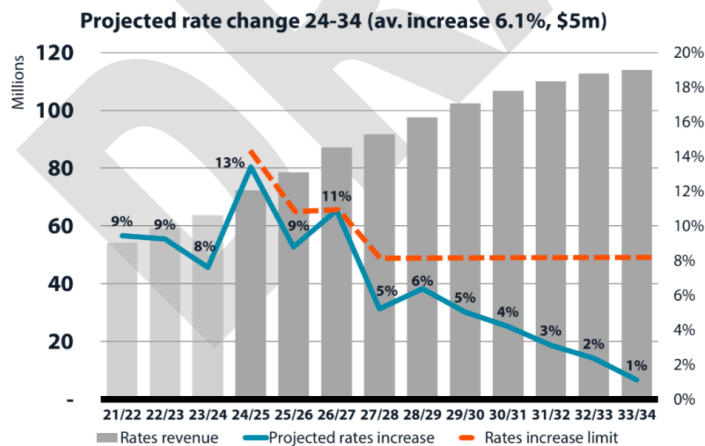
► What's the plan with rates and other revenue

Rates continue to be our main source of income and currently make up 61% of our operating income rising to 69% in 2033/2034. We use rates to fund the balance of our operational expenditure after allowing for other revenue.



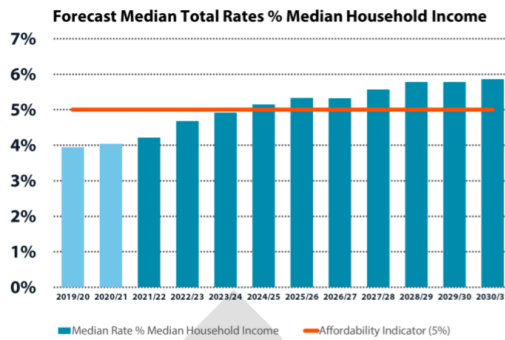
We're proposing average rates increase over the next three years of between 11% to 13.4%. We're proposing to adjust our rate increase limit to allow for this and reverting to 8% from year four onwards. This is much more than we've seen in the past but is required because the day to say costs of delivering services has risen and we want to make sure we are moving closer to balancing our budget by rate funding depreciation rather than borrowing.

While our proposed rate increases are higher early on, in most years we are well below 8% which provides some flexibility to respond to unexpected developments in our financial position or operating environment.



[Graph to be updated for 2024 rate forecast]

In 2007 a Local Government rating inquiry report found that as a rough benchmark, affordability problems could arise where rates exceed 5% of gross household income. The graph shows that over this plan period Southland District as a whole will start to exceed this indicative benchmark level. Some areas of the district will be even higher because of how our rates vary across the district. Communities paying for wastewater will be particularly affected including businesses that have multiple toilets due to the increase in wastewater costs. The rural and forestry sector will also be affected by the increase in roading costs given their higher capital value and the way we rate which sees them pay a higher share of the roading rate.



Information about how we share rates out across the district can be found in our Long Term Plan or Annual Plan Funding Impact Statement and Revenue and Financing Policy.

There is no easy solution. High inflation and costs (particularly the cost of borrowing) in the current economic environment is restricting what we can afford to do. The 2023 Future for Local Government review found that local authorities face significant funding challenges constraining their ability to deliver services to their communities, meaning there is limited capacity or resource to work with communities on more complex challenges. It also noted that the current local government funding and financing system is not sustainable.

In the meantime, the funding options we have available are limited. We must make careful decisions about what we invest in and when, to provide the required service in the most cost effective way

Council also collects other revenue, including from fees and charges, grants/subsidies and financial contributions. The largest proportion of non-rate funding is from NZ Transport Agency (Waka Kotahi) who fund around 55% of our transport infrastructure costs. Any variations in the level of their subsidy has the potential to have a significant impact on our proposed roading programme.

We also collect fees and charges from users, forestry revenue and other income. We review our fees annually to keep up with changes in the cost of delivering our services and to ensure that we recover the proportion of the costs that individual users benefit from.

A key focus will continue to be looking for ways that we can increase our funding from other sources and reduce rates.

► Reserves

Council has two types of reserves. We have reserves that are held for a specific purpose which are restricted in use and general reserves which can be used as needed. Reserves are used as the first source of funding for project related costs. Council's total reserves are projected to increase from \$38 million to \$96 million in year 10.

► Investments

We continue to hold and manage a number of investments for strategic reasons where there is some community, social, physical or economic benefit accruing. Council's Investment and Liability Policy outlines our approach to financial investments and equity securities which is summarised below.

Financial investments

We hold cash investments as part of our day-to-day working capital management and these are usually held in short term deposits or bonds. Returns are market related to the type of investment made. Other reasons for holding these are to provide cash in the event of a natural disaster and invest reserve funds.

Council has forestry assets which are held as a long term commercial investment with returns reflecting market conditions. Surplus funds are used to offset rates.

Council holds property to both support the economic, physical and social development of the district and achieve an acceptable rate of return depending on the purpose held (from none to market rents).

Council will occasionally provide a loan or advance to a community organisation to provide the provision of community services or recreational opportunities that Council would normally be involved in. Council sets the terms and conditions including security requirements as they are granted.

Equity securities

Council holds such assets only for strategic purposes. Council has shares in a specialist local government insurance company and a local company to assist in the development and operations at Milford Sound. Council does not expect a return on these investments.

Should Council borrow from the Local Government Funding Agency (LGFA), Council would be required to invest in financial bonds at 1.6% of the borrowing. Council will receive interest and full repayment of these "borrower's notes" upon repayment of the loan to which they relate. Interest is calculated to cover the cost of funds.

► Insurance

Our strategy is to ensure that Council has sufficient insurance coverage to replace assets that are damaged resulting in significant financial loss.

Currently we insure all of our above and below ground water, wastewater, stormwater assets as well as community facilities. Roads and bridges are not insured given that government support is generally provided for significant events.

Updated timeline for Long Term Plan 2024-2034

Record no: R/24/3/11139

Author: Robyn Laidlaw, Corporate performance lead

Approved by: Anne Robson, Group manager finance and assurance

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to update the Finance and Assurance Committee (the Committee) on the progress of the Long Term Plan 2034 (LTP 34) and to provide an updated timetable that takes advantage of the legislative extension.

Executive summary

- 2 In December 2023 staff presented to the Committee an updated timeline for the Long Term Plan, which included the adoption of the document in late June 2024, as is legislatively required. At this time Council was preparing its LTP on the basis of having three waters activities for only two of the ten years.
- 3 As a result of government repealing the water entity bill, Council has had to amend its LTP to now include a further eight years. As part of repealing the bill, Government recognised that Councils would be well through their LTP development and the inclusion of the assets would require additional discussions and time. As such as part of the repeal bill Government gave Councils the choice of extending their LTP adoption by up to three months (September 2024) or deferring their LTP for 12 months and adopting an enhanced Annual Plan for 2024/25.
- 4 Since the bill repeal Council staff have had additional discussions with the Committee and Council over the implications of the three waters inclusion. This has meant that the original timeline needs to be amended.
- 5 Although Council has the ability to delay the LTP, Council staff are requesting that the Committee take the option of an extension and are proposing adoption now take place on the 21 August 2024.
- 6 Included in this report is the detailed revised timeline, which included revised audit dates as discussed with Councils auditors. Also included is a discussion on the impact to activities such as rates collection, fee setting and ability to incur expenditure post 1 July.
- 7 As part of the adoption of the Long Term Plan, Council sets its rates and penalties for the year.
- 8 Previously the Committee has endorsed the revenue and financing policy, and rates remission and postponement policies for consultation. It was planned that these policies be consulted on when the LTP 34 consultation document was being consulted on. However due to the proposed extension to the Long Term Plan adoption, separate consultation on these documents will now need to occur. This is due to the legislative need to support the principles set out in the Preamble to Te Ture Whenua Act, which requires all policies to have considered this and be adopted 1 July 2024.

Recommendation

That the Finance and Assurance Committee:

- a) receives the report titled “Updated timeline for Long Term Plan 2024-2034”.
- b) determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.
- c) determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.
- d) Endorses and recommends to the revised timeline as detailed in this report and adoption of the 2024-34 Long Term Plan on the 21 August 2024
- e) Endorses and recommends to Council the addition of Finance and Assurance meeting and Council meetings as listed below
 - 24 April 2024, Finance and Assurance Committee meeting
 - 1 and 2 July 2024, Council meetings, to consider LTP submissions
 - 8 July 2024, if required, Council meeting for LTP deliberations
 - 24 July 2024, Finance and Assurance meeting
- f) Endorses and recommends to Council the setting of the 2024/25 fees and charges in June 2024 to apply from 1 July 2024
- g) Endorses and recommends to Council the setting of the year end rates penalty in June 2024 separately from the full 2024/2025 rates resolution in August 2024.
- h) Endorses and recommends to Council the setting of four rates instalments for 2024/2025 being 27th September 2024, 29th November 2024, 28 February 2025, 30th May 2024.
- i) Endorses and recommends to Council the setting of rates penalties rates on the second, third and fourth instalments
- j) Acknowledges that the Revenue and Financing policy and the Rates Remission and Postponement policy will be consulted on and adopted by 30 June 2024

Background

- 9 In December 2023 staff presented to the Committee an updated timeline for the Long Term Plan, which included the adoption of the document in late June 2024, as is legislatively required.

At this time Council was preparing its LTP on the basis of having three waters activities for only two of the ten years.

- 10 As a result of government repealing the Water Entities Act, Council has had to amend its LTP to now include a further eight years. As part of repealing the Act, Government recognised that Councils would be well through their LTP development and the inclusion of the assets would require additional discussions and time. As such as part of the repeal bill Government gave Councils the choice of extending their LTP adoption by up to three months (September 2024) or deferring their LTP for 12 months and adopting an enhanced Annual Plan for 2024/25.
- 11 Since the bill repeal Council staff have had additional discussions with the Committee and Council over the implications of the three waters inclusion. This has meant that the original timeline needs to be amended.
- 12 Although Council has the ability to delay the LTP, Council staff are requesting that the Committee take the option of an extension and are proposing adoption now take place on the 21 August 2024.
- 13 The proposed new timeline from now is outlined in table below.

Finance and Assurance Committee

27 March 2024

March 27.03	Finance & Assurance meeting <ul style="list-style-type: none"> Infrastructure and Financial strategies for endorsement Timeline update 	
April Additional 24.04	Finance & Assurance meeting (<i>additional</i>) <ul style="list-style-type: none"> remaining AMPs for endorsement <ul style="list-style-type: none"> Emergency Management Environmental Services Community Leadership Community Services Community Facilities Open Spaces Water Facilities Waste Services SIESA Water Services <hr/> <ul style="list-style-type: none"> consultation document (workshop review) 	
April 08.04.24 online 15 04.24 onsite 11.05.24 complete	Audit dates (5 weeks, including hot review) <ul style="list-style-type: none"> 08.04.24 online 15 04.24 onsite 11.05.24 complete 	Documents ready for Audit (endorsed by FnA) <p>Rates remission policy Revenue and financing policy Significance and engagement policy Performance Measurement Framework (KPI's) Draft assumptions update for waters Development and financial cont. policy Infrastructure and financial Strategies AMPs – Transport - all others available 19.04 Draft CD available 29.04 word doc (at the latest)</p>
May 15.05	Council meeting <ul style="list-style-type: none"> Consultation Document for adoption All supporting documents for LTP <ul style="list-style-type: none"> All AMPS Significant Forecasting Assumptions Financial Statements Financial Benchmarks Financial Policies Performance framework KPI's Funding impact statement – rates Accounting policies Schedule of projects Proposed fees and chargers Schedule of reserves 	

Finance and Assurance Committee

27 March 2024

May/June 22.05.24 – 21.06.24	Consultation period 22.05.24 –21.06.24 <ul style="list-style-type: none"> • Consultation document • Policies for consultation <ul style="list-style-type: none"> ○ Significance and engagement ○ Development and Financial cont. ○ Rates remission ○ Revenue and financing policy
July 01, 02 & 03	Council meeting <ul style="list-style-type: none"> • Submissions hearings • 01. 02. 03 July (Add additional dates)
03.08 (wed, agenda out for the 08.08)	Date background papers completed
08.08	Deliberations meeting (additional date) Changes to Financial statements and documents to get to F&A
July 19.07 (Friday) agenda out 24.07	Finance & Assurance meeting (add additional FnA) 24.07 <ul style="list-style-type: none"> • Draft LTP for recommendation to audit
29.07- 09.08	Final Audit (10) working days (could start around 22 nd with draft LTP document)
14.08 agenda due 21.08	Adoption of the LTP 34 21.08

Issues

Rating

- 14 As a result of extending the adoption past 30 June 2024, the setting of rates will be deferred.
- 15 Under the Local Government (Rating) Act, Council has the option to base a rates notice on the previous years rates. However legal advice is that this notice will be to the same ratepayers, properties and for the same amount as was set last year. This is not ideal and staff believe will cause a lot of confusion amongst ratepayers.
- 16 As such Council staff propose that Council delay the first instalment of rates. Usually Council has set instalment dates as follows. Council staff are proposing this year an amendment as only to the first instalment date as follows. This has the advantage of retaining consistency with other Southland Councils rates instalment dates for all other periods

Instalment	Normal Payment Date	Proposed Payment Date
One	Last Friday in August	Last Friday in September

Finance and Assurance Committee

27 March 2024

Two	Last Friday in November	Last Friday in November
Three	Last Friday in February	Last Friday in February
Four	Last Friday in May	Last Friday in May

- 17 Additionally, we are seeking discussion and endorsement from the Committee in regards to penalties. Historically we have a penalty after each instalment. With instalment one and two being so close and the possible confusion around payment dates, we are suggesting that penalties only be applied to instalment two, three and four for 2024/25. This will potentially result in a loss of revenue but staff believe it will help remove the angst around any confusion.
- 18 Additionally, staff have been considering what needs to happen to advise ratepayers of the change in dates especially those on direct debits. The below table is included to assist Councillors answer some of the questions they and their ratepayers may have. Staff will work with the communications and customer services teams to ensure that the information around the changes and the impacts are known as wide as possible.

June	<p>Existing direct debit customers</p> <ul style="list-style-type: none"> Instead of the amount changing when rates are set in July the amount will remain the same until October. The adjustment in amount will show on the first instalment notice going out in September. <p>New direct debit customers</p> <ul style="list-style-type: none"> Those that want direct debit in July 2024 will get a letter out and we will set a fixed amount based on the estimated rates for the 2024-2025 year to start in July and will be recalculated in September when rates are set and the amount will show on the first instalment notice going out in September.
July	<p>Penalties and rebates</p> <ul style="list-style-type: none"> 1st July penalty of 10% on the total owing for 2023-2024 will still be applied and overdue amounts followed up in the same way. 2024-2025 Rates rebates will still be posted to customers with a cover letter asking for them to still fill in all the details on the form leaving rates for 2024/2025 blank and Council will fill in those details based on an estimation to allow the processing to continue in a timely manner through August/September to assist those wanting the rebate as soon as possible.
21 August	<p>Set rates</p> <ul style="list-style-type: none"> Once LTP 34 and rates resolution is approved rates can be set and the notices printed for the ratepayers do be delivered within the statutory required timelines.
September	<p>1st Instalment payment date</p> <ul style="list-style-type: none"> 27th September payment date.

- 19 An adoption date of 21 August 2024 is being sought to allow adequate time to strike the rates, send away and print the rates notices and have them delivered to the ratepayer so they have 14 days clear before the instalment due date, in line with Section 48 (3) of the Local Government Rating Act.

Factors to consider

Legal and statutory requirements

- 20 Following the change of government, the Water Services Entities Act (2022), the Water Services Amendment Act 2023 and the Water Services Legislation Act (2023) have been repealed restoring council ownership and control of water services and responsibility for service delivery to council. As part of this the Government also made provision for Council to extend the adoption of their LTP until September or to defer their LTP for 12 months. The implications are:

- Extending the LTP by 3 months to September
 - Year four of the 2021-31 LTP continues to be in place. This means that Council can continue to incur expenditure in line with the budgets of year four until it adopts its LTP34. This may have an impact on Council capital projects in particular, as many projects have been added or changed since the 2021-31 LTP. As such staff are suggesting that we seek approval from Council for any capital expenditure that may be incurred during July/August that will be of a significant or material nature (section 95(2A) plus section 95A(5) of the Local Government Act 2002)
 - The revenue and financing policy, and rates remission and postponement policies will need to be consulted on and adopted prior to 1 July 2024 to support the Principles set out in the Preamble to Te Ture Whenua Act (clause 22 of Part 4 of Schedule 1AA of the LGA 02).
- Deferring the LTP for 12 months
 - Council is required to prepare an enhanced Annual Plan for 2024/2025.
 - The revenue and financing policy, and rates remission and postponement policies will need to be consulted on and adopted prior to 1 July 2024 to support the Principles set out in the Preamble to Te Ture Whenua Act (clause 22 of Part 4 of Schedule 1AA of the LGA 02).
 - The LTP will be being prepared in an election year and will only be for two years to get back in line with all other Long Term Plans

Policy implications

- 21 The current LTP 2021-2031 stays in place until the new LTP is signed, therefore from 01 July 2024 we operate in year 4 of the current LTP.

Analysis

Options considered

- 22 Option One: Continue with LTP 34 utilising the 3 month extension signing of the LTP at the August Council meeting. Extending the LTP for two months from the original June date gives more time to ensure the right information is shared with residents and ratepayers for the consultation document, and the consultation topics carry the story in such a way that residents and ratepayers understand the long term (intergenerational) outcomes for decisions being made now.
- 23 Option Two: Deferring the LTP for 12 Months, completing an enhanced Annual Plan that will require consultation.

Analysis of Options

Option 1 – Extend the Long Term Plan completion for two months until August 2024

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> Additional time to ensure the right information is available for residents and rate payers through the consultation process. Allowing time and transparency throughout the process including hearings submissions and council deliberations. Finalising LTP 34 allows Council to begin the discussion on LTP 37. 	<ul style="list-style-type: none"> Yr 4 of LTP 31 remains in place until LTP34 is signed off. It is unclear if that is headline or line by line figures. The longer the LTP is taking to complete the more opportunity for central government legislative could impact the completion of the LTP. The extension of the LTP will impact the completion of the Annual Report.

Option 2 – Deferring the LTP for 12 Months

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> Council has the remainder of the year to re-work information for the LTP 	<ul style="list-style-type: none"> Council will need to complete an enhanced Annual Plan for Year 4 of the current LTP 2021-2031 Council will need to seek advice on the utilisation of budgets for the year 2024-2025 The LTP will still need to be completed in the 24/25 year. 2025 is an election year, while it is achievable to complete an LTP is may not be the optimal time

Assessment of significance

- 24 This matter is considered significant under Council significance and engagement policy due to the consultation document being a significant part of the LTP process describing what Council plans to deliver and the cost of that service for the next ten years. The consultation document helps Council to understand what residents and ratepayers want now and in the future.

Recommended option

- 25 Staff recommend option one: Extend the Long Term Plan completion for two months until August 2024.

Next steps

- 26 Complete the budget and supporting documents including strategies and policies. Prepare the Consultation document for the committee to endorse at an upcoming meeting.

Attachments

There are no attachments for this report.

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.

C8.1 Cyber security update - December 2023 to February 2024

C8.2 Follow up audit action points

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
Cyber security update - December 2023 to February 2024	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	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.
Follow up audit action points	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	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.

Workshops to be livestreamed

Risk deep dive workshop (9am)

- The purpose of the deep dive workshop is to provide confidence to the committee that Council's priority strategic risks are being effectively monitored and managed.
- The intended outcome of the workshop is an open and frank discussion of the climate change risk and the health, safety and wellbeing risk.

Draft risk management policy workshop

- The purpose of this workshop is to inform the committee of the draft risk management policy review currently being undertaken by staff.
- The intended outcome of the workshop is committee feedback to inform the further development of the draft policy.