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

Date:	**Wednesday, 04 September 2024**
Time:	**10am**
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

Group manager finance and assurance	Anne Robson
Committee advisor	Rachael Poole

Contact telephone: 0800 732 732
Postal address: PO Box 903, Invercargill 9840
Email: emailsdc@southlanddc.govt.nz
Website: www.southlanddc.govt.nz
Online: Southland District Council YouTube

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

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

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

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

Phones – Please turn your mobile devices to silent mode.

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

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	The Finance and Assurance committee is responsible for:
	
	• ensuring that Council has appropriate financial, risk management and internal control systems in place that provide:
	
	  - 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.
	
	The Finance and Assurance committee will monitor and assess the following:
	
	• 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	The Finance and Assurance committee shall have the following delegated powers and be accountable to Council for the exercising of these powers. In exercising the delegated powers, the Finance and Assurance committee will operate within: • policies, plans, standards or guidelines that have been established and approved by Council

	• the overall priorities of Council
	• the needs of the local communities
	• the approved budgets for the activity.

The Finance and Assurance committee will have responsibility and delegated authority in the following areas:

Financial and performance monitoring

a) monitoring financial performance to budgets

b) monitoring service level performance to key performance indicators.

Internal control framework

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.

Internal reporting

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.

External reporting and accountability

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

Risk management

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.

	Health and safety
	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.
	Internal audit
	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.
	External audit
	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

	b)	receiving the external audit report(s) and review action(s) to be taken by management on significant issues and audit recommendations raised within
	c)	enquiring of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks.
	Compliance with legislation, standards and best practice guidelines	
	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
	b)	conducting and monitoring special investigations, in accordance with Council policy, and reporting the findings to Council
	c)	monitoring the performance of Council organisations, in accordance with the Local Government Act.
	Business case review	
	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).
	Insurance	
	a)	consider Council's insurance requirements, considering its risk profile
	b)	approving the annual insurance renewal requirements
	Treasury	
	a)	oversee the treasury function of Council ensuring compliance with the relevant Council policies and plans
	b)	ensuring compliance with the requirements of Council's trust deeds are met
	c)	recommend to Council treasury policies at least every three years.
	d)	approve debt, interest rate and external investment management strategy.
	Fraud Policy	
	a)	receive and consider reports relating to the investigation of suspected fraud
	b)	monitor the implementation of the Fraud Policy.
	Power to recommend	
	The Finance and Assurance committee is responsible for considering and making recommendations to Council regarding:	
	a)	policies relating to risk management, rating, loans, funding and purchasing

	b) accounting treatments, changes in generally accepted accounting practice, and new accounting and reporting requirements
	c) the approval of financial and non-financial performance statements including adoption of the Annual Report, Annual Plans and Long Term Plans.
	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.
FINANCIAL DELEGATIONS	Council authorises the following delegated authority of financial powers to Council committees in regard to matters within each committee's jurisdiction.
	Contract acceptance:
	• 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
	Budget reallocation.
	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:
	• 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	Matters that must be processed by way of recommendation to Council include:
	• 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.
	Delegated authority is within the financial limits in section 9 of this manual.
RELATIONSHIPS WITH OTHER PARTIES	The committee shall maintain relationships with each of the nine community boards.
	Professional advisors to the committee shall be invited to attend all meetings of the committee including:
	• external auditor
	• internal auditor/risk advisor (if appointed)
	• chief financial officer.
	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

	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.
	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.
	The committee shall provide guidance and feedback to Council on financial performance, risk and compliance issues.
	The committee will report to Council as it deems appropriate but no less than twice a year.
CONTACT WITH MEDIA	The committee chairperson is the authorised spokesperson for the committee in all matters where the committee has authority or a particular interest.
	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.
	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.

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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, 26 August 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 26 August 2024 at 9.15am. (9.15am – 9.51am, 10.03am – 10.06am)

PRESENT

Chairperson	Bruce Robertson (via video link) (9.15am – 9.51am)
	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

Group manager finance and assurance	Anne Robson
Committee advisor	Fiona Dunlop

1   Apologies

There were no apologies.

2   Leave of absence

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

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 Chairperson Robertson, seconded Mayor Scott **and resolved:**

That the Finance and Assurance Committee confirms the minutes of the meeting held on 7 August 2024 as a true and correct record of that meeting.

6   Public participation

There was no public participation.

Reports

7.1   Long Term Plan 2024-2034 (LTP) - recommend Council adopt

Record No: R/24/8/50869

Corporate performance lead – Robyn Laidlaw and financial accountant – Teresa Morgan were in attendance for this item. Deloitte partner - assurance and advisory – Mike Hawken was also in attendance for the item.

The purpose of the report was to present the draft Long Term Plan 2024-2034 to the Committee for recommendation to Council to adopt the Long Term Plan.

The Committee at its meeting on 7 August 2024 were provided with the first draft of the Long Term Plan following Council consideration of submissions (both written and oral).

At the 7 August 2024 meeting the draft was endorsed for release to auditors Deloitte, as part of the final audit process.

Since the 7 August 2024 meeting further changes were made to the document to:
- incorporate feedback from elected members
- confirm asset statistics
- ensure required legislative disclosures are included (e.g. significant negative effects)
- additional discussion about price level changes (inflation) assumptions following recent release of updated inflation projections prepared by Business and Economic Research Limited and
- general formatting/wording adjustments.

Deloitte advised that from their audit, the audit opinion would be qualified on the assumption related to New Zealand Transport Agency funding, given that they believe that Council has not used the best information available about the level of funding from the Agency for roading at the time of preparing/finalising the plan.

The audit opinion also included an emphasis of matters in relation to uncertainty over the delivery of the infrastructure capital programme due to the plan proposing a significant increase in infrastructure investment.

While Council has put a range of initiatives in place to support delivery, Deloitte has identified that there continues to be a high degree of uncertainty about whether the increased programme will be able to completed noting the level historically achieved by Council as well as constraints of contractor availability and weather events.

The meeting adjourned discussion on the item to consider item 7.2 - Deloitte Management Report and draft Audit Report for the Long Term Plan 2024-2034.

See further down the minutes for the voting and resolutions.

7.2   Deloitte Management Report and draft Audit Report for the Long Term Plan 2024-2034

Record No: R/24/8/51995

Corporate performance lead – Robyn Laidlaw and financial accountant – Teresa Morgan were in attendance for this item. Deloitte partner - assurance and advisory – Mike Hawken was also in attendance for the item.

The purpose of the report was to present the management report from Deloitte in relation to the audit of the Long Term Plan 2024-2034 and to receive the draft Deloitte audit opinion.

Council noted that notwithstanding the qualification on the New Zealand Transport Agency funding, a good audit report was received and provided assurance to the Council and the public over the information presented in the report.

The meeting adjourned at 9.51am to enable the Committee to have a discussion on the audit results with the auditor (without staff present).

(The chair – Mr Bruce Robertson left the meeting at 10.03am and Mayor Scott took over chairing the meeting.)

Resolution

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

That the Finance and Assurance Committee:

a)   **Receives the report titled "Deloitte Management Report and draft Audit Report for the Long Term Plan 2024-2034".**

7.1   Long Term Plan 2024-2034 (LTP) - recommend Council adopt (CONTINUED)

Record No: R/24/8/50869

When the meeting returned to the item Corporate performance lead – Robyn Laidlaw and financial accountant – Teresa Morgan were in attendance for this part of the report and Deloitte partner - assurance and advisory – Mike Hawken was also in attendance.

Moved Mayor Scott, seconded Councillor Keast, recommendations a to i.

Recommendations a to c were put and declared CARRIED.

Recommendation d was put and declared CARRIED.
Councillor Byars requested that his dissenting vote be recorded for recommendation d.

Recommendation e was put and declared CARRIED.
Councillors Boparai, Byars, Chamberlain and Ruddenklau requested that their dissenting votes be recorded for recommendation e.

Recommendation f was put and declared CARRIED.

Recommendation g was put and declared CARRIED.

Recommendation h was put and declared CARRIED.

Recommendation i was put and declared CARRIED.

Resolution

That Finance and Assurance Committee:

a)   **Receives the report titled "Long Term Plan 2024-2034 (LTP) - recommend Council adopt" dated 21 August 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.

d)   Endorses the Revenue and Financing policy as included in the Long Term Plan, confirming the updated funding of the Te Anau Airport Manapōuri being:
   •   **General Rate – low**
   •   **Targeted rates – high**
   •   **Fees and Charges – low**
   •   **Other Sources – low**

e)   Agrees that in accordance with Section 100 of the Local Government Act 2002, that it is financially prudent for Council to project operating deficits in seven of the ten years of the plan which principally reflects Council's policy to transition towards fully funding depreciation on water and wastewater infrastructure.

f)   Requests that the Mayor and Chief Executive sign Council's letter of representation to Deloitte for the audit of the Long Term Plan 2024-2034.

g)   Notes the audit opinion provided by Deloitte in the separate item on the Finance and Assurance agenda for this meeting.

h)   Agrees to recommend to Council that it adopt the draft Long Term Plan 2024-2034, subject to any amendments at this meeting.

i)   Agrees to delegate authority to the Chief Executive to approve any minor edits and corrections to the Long-Term Plan 2024-2034 prior to publication.

The meeting concluded at 10.06am.

CONFIRMED AS A TRUE AND CORRECT RECORD OF A MEETING OF THE FINANCE AND ASSURANCE COMMITTEE HELD ON MONDAY 26 AUGUST 2024.

DATE:…………………………………………………………………………

CHAIRPERSON:……………………………………………………………

Finance and Assurance Committee work plan for the year ended 30 June 2025

Record No: R/24/8/53272
Author: Rachael Poole, Committee advisor
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 7 August 2024 meeting for the financial year ending 30 June 2025.

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. An additional two reports, Commercial infrastructure – forestry harvest plan 2025/2026 and update on strategic property purchase investigations have been added to the public excluded agenda.

5. The 2025-26 Annual Plan timetable report and self-assessment check have been moved from the September meeting to the October meeting.

6. The financial report has been removed from this meeting as a July report is not prepared, due to it being the start of the financial year with little activity occurring and staff concentrating on the preparation of the Annual Report and this year the finalisation of the Long Term Plan.

Recommendation

That the Finance and Assurance Committee:

a) **receives the report titled "Finance and Assurance Committee work plan for the year ended 30 June 2025"**

b) **Notes amendments made to the workplan.**

Attachments

A   Finance and Assurance Committee Workplan to 30 June 2025

Finance and Assurance Committee Workplan to 30 June 2025

Content	7 Aug 2024	4 Sept 2024	16 Oct 2024	4 Dec 2024	Feb 2025 TBC	Mar 2025 TBC	Jun 2025 TBC
2024/25 Long term plan - endorse the draft LTP and release to audit for final audit opinion.	X						
2025/26 Annual Plan – Timetable		X	X				
2025/26 Annual Plan – accounting policies			X				
2025/26 Annual Plan – significant forecasting assumptions			X				
2025/26 Annual Plan – workshop (if required)							
2025/26 Annual Plan – Recommend draft annual plan to Council					X		
2025/26 Annual Plan – Recommendation adoption to Council							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
Cyber security update		X		X		X	X
Environmental Services Business Update (if required)		X		X		X	X
Investment strategy update		X		X		X	X
Interim Performance Report		X		X		X	X
2023/24 Annual Report – agree report ready for audit			X				
2023/24 Annual Report – management representation letter				X			
2023/24 Annual Report – recommend adoption by Council				X			
2023/24 Annual Report – final audit management report				X			
2024/25 Annual Report – Audit Timetable						X	
2024/25 Annual Report – accounting policies						X	
2024/25 Annual Report – Deloitte engagement and fee proposal letter						X	
2024/25 Debenture Trust Engagement Letter						X	
Analysis of actual results to forecast for year end 30 June 24			X				
Forecast Financial Position						X	
Financial Transactional Team Update Report to 30 June 2025		X					
Determine Finance & Assurance meeting Content 25/26						X	
Insurance Policy Review						X	
Insurance - renewal approval							X

Content	7 Aug 2024	4 Sept 2024	16 Oct 2024	4 Dec 2024	Feb 2025 TBC	Mar 2025 TBC	Jun 2025 TBC
Internal Audit Terms of Reference		X		X			X
Internal Audit Final Report				X			X
Commercial infrastructure – forestry harvest plan 2025/2026		X					X
Work programme for 2024/2025 incl projects c/f from 2023/2024			X				
Procurement Policy			X				
Draft risk management framework – recommendation to Council				X			
Annual Risk Review Report							X
Roading management and maintenance of current contracts renewals for Waimea, Central and Foveaux alliance.							X
Dog 10a Report			X				
IANZ Re-Accreditation Audit Report							X
Balfour Wastewater Treatment plant re discharge consent renewal					X		
Edendale/Wyndham Wastewater Treatment plant re discharge consent renewal				X			
Edendale/Wyndham Stormwater renewal					X		
NZTA Waka Kotahi audit report							X
Recycling Contract Renewal						X	
Self-assessment check		X	X				
Independent Review	X						
Contract advisory group	X						
Update on strategic property purchase investigations		X					

Year-End Performance Report - 1 July 2023 to 30 June 2024

Record No: R/24/8/52214
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 provide the Finance and Assurance Committee (the committee) with the year-end performance report for the period 1 July 2023 to 30 June 2024 (included as attachment A) for review and feedback.

Executive summary

2   The year-end performance report is the third and final part of the interim performance reporting (IPR) process and forms part of the corporate performance framework (CPF), the purpose of which is to streamline Council planning and reporting functions. The IPR intends to provide a 'snapshot in time' record of the status of Council's key performance indicators (KPIs). It is reported to the committee every four months, with a final end of year report. This report presents the results of the financial year, 1 July 2023 to 30 June 2024.

3   The year-end results will be used in the Annual Report 2023/2024. The Annual Report is audited by Deloitte and will be examined to provide assurance that the final result reported by council and that the methodology for monitoring the KPIs is robust. Deloitte assess the performance (KPI) information to ensure that the information is relevant, complete, reliable, neutral, and understandable.

4   For Council's 58 KPIs, the year-end results show that 40 (69%) were achieved, 14 (24%) were not achieved and 4 (7%) were not measured. The KPI's that weren't measured are part of the transport and emergency management activities and are discussed in the issues section of this report.

5   Of the 14 KPIs where the target was not achieved, reasons included recruitment, supply delays, budget constraints due to increased costs (particularly in roading) and an infrastructure network that has many assets needing repairs, maintenance or upgrades coming due at the same time.

6   These reasons will continue to have an impact on the ability of Council to reach its KPI targets and levels of service going forward. Any changes or reductions to budgets will also impact on the ability to meet these targets.

Recommendation

That the Finance and Assurance Committee:

a) **Receives the report titled "Year-End Performance Report - 1 July 2023 to 30 June 2024" dated 30 August 2024**

b) **Notes Councils performance against its KPI targets and the context provided for these outcomes.**

Background

7 The CPF aligns Council's high-level direction to its activities and outcomes, and its purpose is to streamline Council planning and reporting functions.

8 As part of the framework, Council produces interim performance reports for the periods - July to October, November to February showing the year's cumulative results at that time, with the third report being produced to inform the Annual Report at year end.

9 As part of the Long-Term Plan (LTP) 2021-2031, 58 KPIs were established to monitor and improve on the performance of the most strategically important KPIs. Eighteen of the 58 KPIs relate to mandatory Department of Internal Affairs (DIA) measures in the Council activities of stormwater, wastewater, transport and water supply.

10 The LTP 2021-2031 activity groups are:
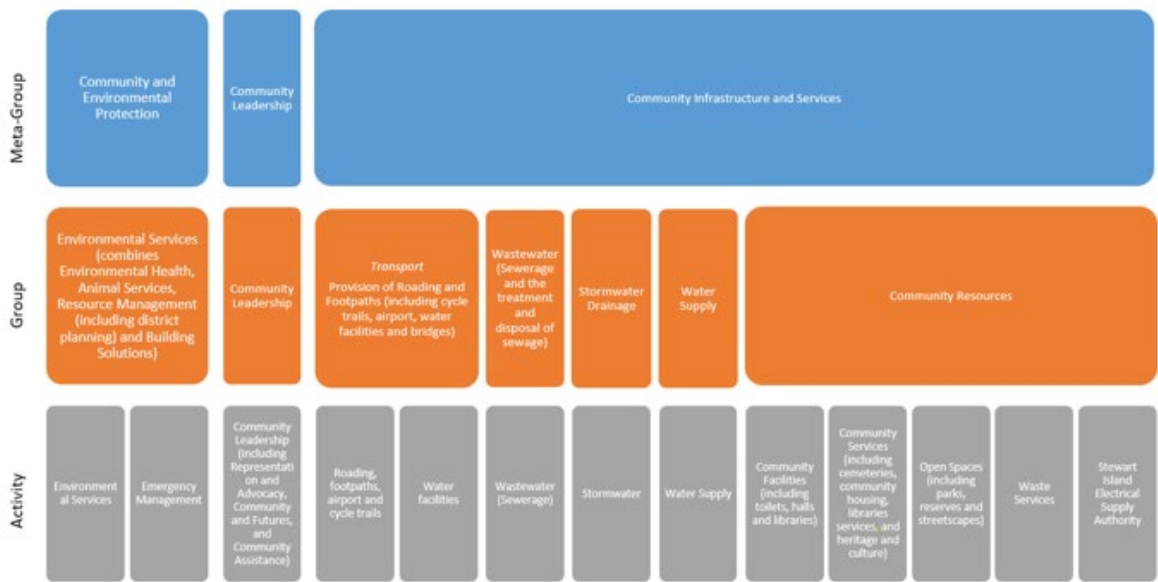
11 For this year-end report staff have been using a reporting tool developed in-house by Council's business solutions team. The tool is easier to use for staff to use and more cost effective than available alternatives. This report contains information around the levels of service for each KPI that has not been met or was not measured while the attached report provides information for all of Councils KPIs.

Results and analysis

Graph 1 (Note: one transport KPI is measured biennially.)

Performance results 2023/2024

- Achieved 69%
- Not Achieved 24%
- not measured 7%
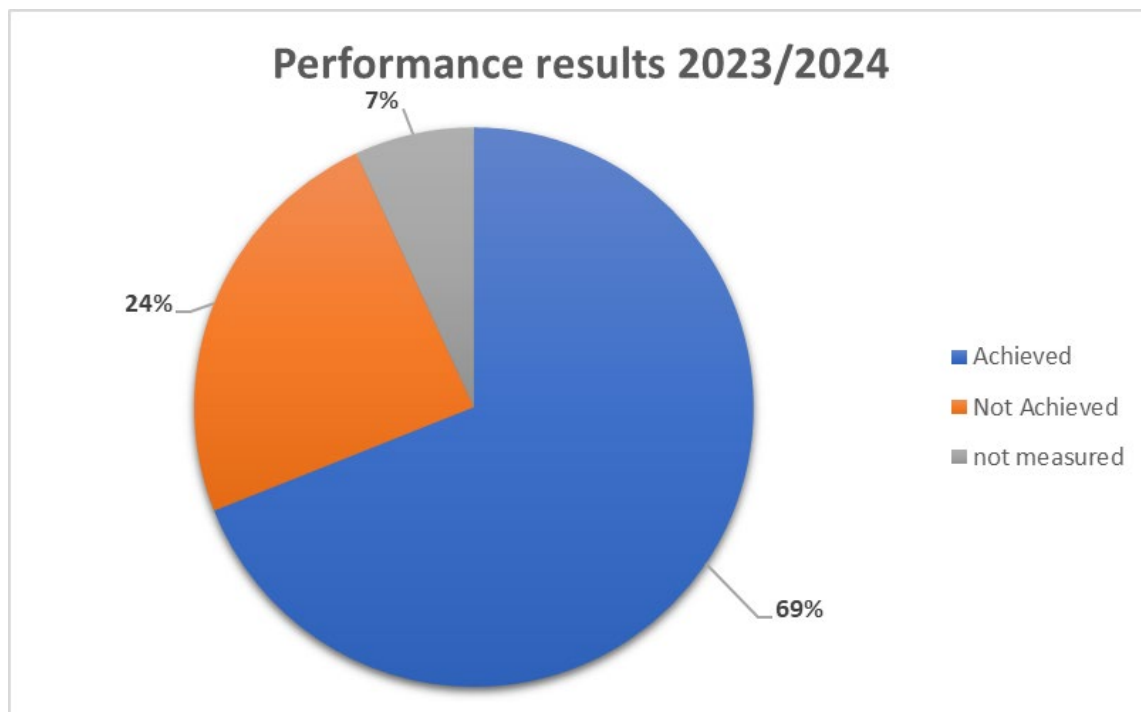
12   Graph one shows that for the 58 KPI results for report period three, 40 (69%) were achieved, 14 (24%) were not achieved and 4 (7%) that were not measured.

Graph 2

Results by number of KPIs and Activity Group - June 2024

Activity Group	Achieved	Not Achieved	not measured
Community Leadership	3	0	0
Community resources	8	2	0
Environmental Services	2	5	2
Stormwater	9	0	0
Transport	6	1	2
Waste Water	6	3	0
Water Supply	6	3	0
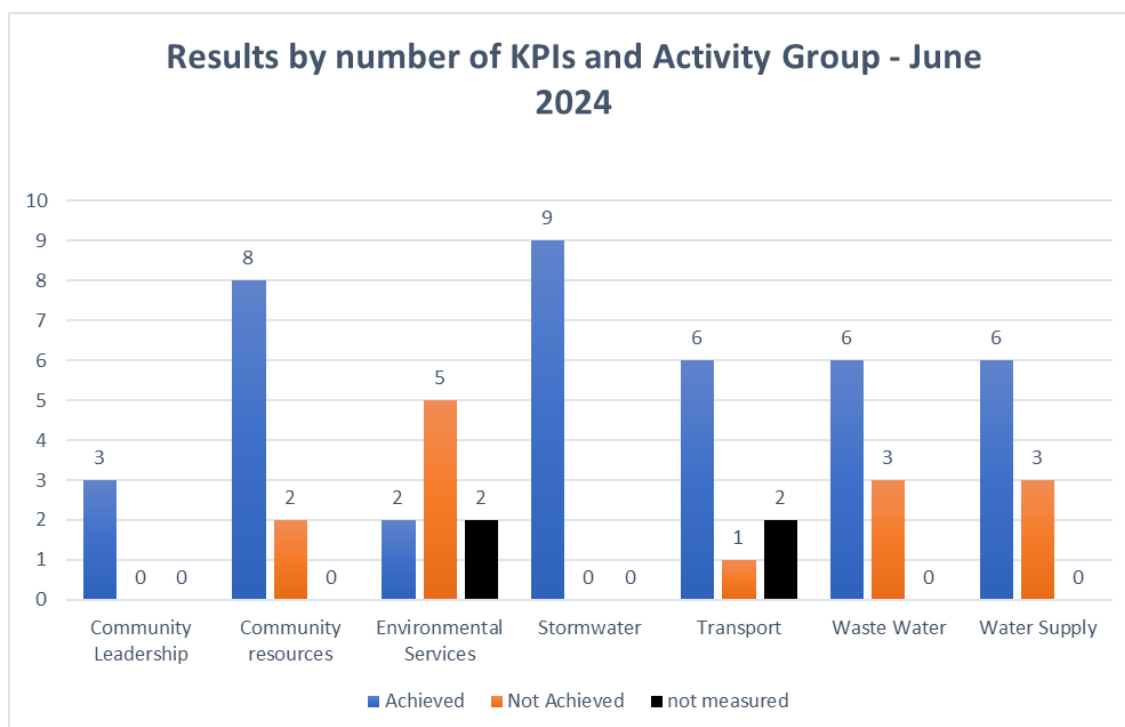
13   Graph two shows the results achieved by each Council activity group. For activity areas that have mandatory measures (transport, stormwater, wastewater (sewerage) and water supply) only the stormwater activity has met all of the required KPI targets.

14   The mandatory KPI's have strict data collection methodologies that apply throughout New Zealand, therefore the measures don't always translate easily to rural councils. This is most evident in the water supply activity.

Trend Analysis

Graph 3

15   Graph three shows the KPIs that were achieved over the previous end of year reporting periods alongside the 2023/2024 end of year results.
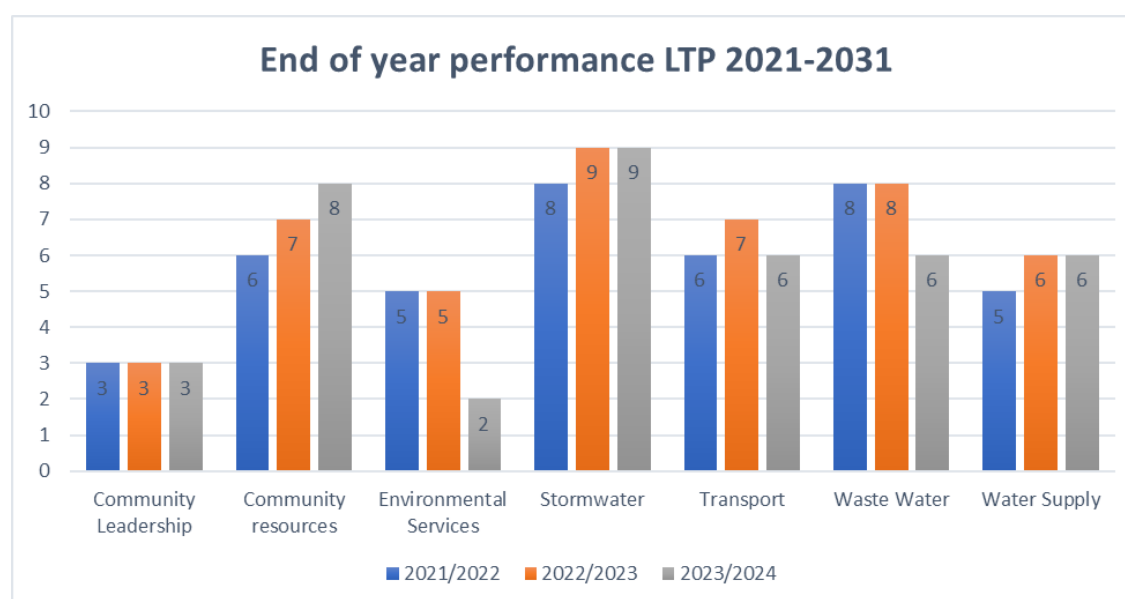
16   The Community Leadership activity group have consistently met the KPI's set in the Long-term plan 2021-2031 and have made some changes for the next long-term plan (LTP 34) – adding KPI's for transparency of Council agendas including when (if appropriate) reports written for public exclusion will be released.

17   Community resources, which is a combination of community services, facilities, SIESA, water facilities and waste management have ten KPI's and the group has shown increased achievement each year during the LTP 2021-2031.

18   Environmental services are showing a decrease in KPI achievement for the 2023/2024 reporting year however, during the period the team has undergone significant process improvements with all staff now trained and proficient in the relevant systems. Despite the overall KPI achievement result for the year, the improvements have led to significant gains in on-time consent decision-making over the past six months. This is demonstrated in the graph below

19   Over the past two years, council's water services, (waste, stormwater and water supply) have generally achieved good results with stormwater reaching targets for the past two years and water supply reaching its increased target result for the past two years. Wastewater has however seen a

decrease in performance against KPI's for the 2023/2024 reporting year. The unmet KPI's are discussed individually in this report.

20   The transport activity which includes the Te Anau Airport Manapōuri and the Around the Mountain cycle trail has shown consistent achievement however a decrease in performance against KPIs this year is attributed to the increases of costs associated with the roading programme along with two of the KPI's not yet measured.

Not achieved KPIs - KPIs that did not meet the year-end target

21   There are 14 KPIs that didn't meet their target for the 2023/2024 financial year. These are listed below including a summary for each council activity group and the reasons for not meeting the target.

22   For the KPIs that were not achieved, the main reasons included:

- statutory timeframes for building and resource consent processing were not met due to the volume of consents, and catching up with historic consents

- teams undergoing significant training on the processing of data

- ongoing contaminated recycling that then had to be disposed to landfill

- staffing issues at Emergency Management Southland along with two emergencies has meant a prioritisation of work elsewhere

- weather conditions, intervention type (rehabilitation or rebuilds), and the increased cost of bitumen combined with budget constraints (roading) meant that the targeted level of resurfacing was not met

- there were some non-compliances of drinking water standards

- high leakage rates and the calculation method meant there was a high average consumption of drinking water

23   Resources and budget constraints, increased costs, supply delays and an infrastructure network that has assets coming due for repairs, maintenance or rebuild at the same time, will continue to have an impact on the ability of Council to reach its KPI targets and of levels of service going forward.

24   The KPIs that did not reach their target were assessed against the Council's strategic risk management framework criteria and the results were discussed at a leadership team meeting.

25   **Community resources activity group:**

- **KPI 3.2: to meet family expectations that the burial plots are prepared by the time required**

    The target of this KPI is for 100% of burial plots to be prepared by the time required (there is a 2-hour buffer included between the time to have the plot is prepared and when it is required).

The result for the 2023/2024 year is 98 %. There were two times during the year in which the notification of the plot preparation being completed came in after the 2-hour expectation of notification.

Both instances were on Saturdays, one being 3 minutes late of notification time (8am)-therefore the plot was prepared 1 hr and 57 minutes ahead of the time required. The second time the notification was 18 minutes past the required time, (due to communication connectivity issues) therefore the plot was prepared 1hour and 42 minutes ahead of time. In both cases the level of service for the family was not compromised.

Staff have met with the contractors involved and advised Councils expectations that the KPI is met at all times – the contractors agreed.

- **KPI 8.1: The amount of waste (tonnes) diverted from landfill as a percentage of total waste**

    The target is for greater than 40% of waste to be diverted from landfill with the result for the 2023/2024 year being 29.6% waste diverted.

    This KPI has consistently not been met throughout the monitoring of this LTP 2021-2031, with results sitting between 29 and 35%. The ongoing issue in meeting this KPI is that Council has little control at present on what residents put into their red bins. The volume of contaminants from recycling is however tracking below 20% therefore improving and now with WasteNet being fully staffed including the new manager, a focus will be on the education programme.

26   **Environmental services activity group:**

This activity group's KPIs are based on legislative targets. It can be difficult to achieve a result of 100% but they now provide a far more accurate picture of performance than the previous median based KPIs.

- **KPI 9.1: percentage of non-notified resource consents processed within statutory timeframes**

    The target of this KPI is 100% of the non-notified resource consents are processed within statutory timeframes (which is 20 working days). The result for the 2023/2024 year is 29.28%.

    Risk – Review

    This KPI continues to trend in the right direction following the process improvements. As the results from February to June have doubled (11.36%-29.28%) this KPI is heading towards the target of 100% compliance.

    Staff in the regulatory team have been working on process improvements throughout this year, including, methodology refinement, the collection of data in the past had been including all consent data, whereas the methodology now focuses on the compliance as per the standard. The process improvements include, staff training and resourcing including some out sourcing of consent decision making ensuring the 20 working days standard is being met.
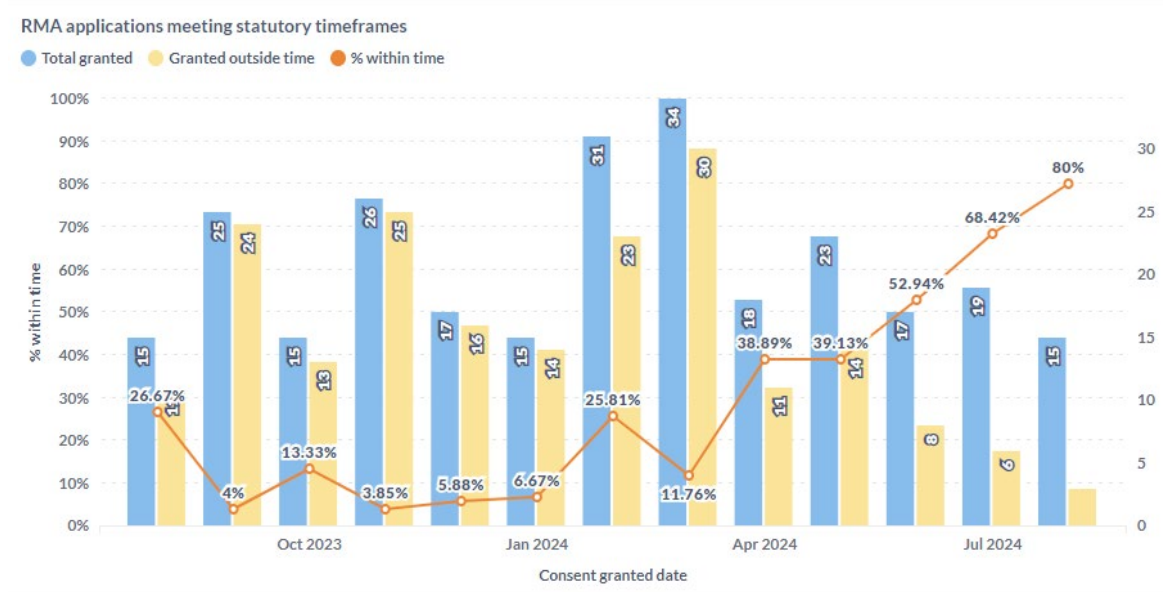
The graph above is showing the increased achievement of the KPI across the 2023/2024 year.

- **KPI 9.2: Percentage of building consent applications processed within statutory timeframes**

    The target for this KPI is 100% of all building consent applications are processed within the statutory timeframe of 20 working days. The result for the 2023/2024 year is 70.1%.

    This result is a decrease for the 2021/2022 result of 93% and an increase from the 2022/2023 result of 65.3%.

    Compliance has been increasing each month with the trend upward from 59.6% (See graph below) February of this reporting year. With Building Control Officers gaining competencies, there is an expectation of continued improvement in the coming year.

Graph, building consents processed within statutory time across the 2023/2024 year

Risk review

This KPI is also heading towards its target, with the number processed in time up to 95% in July. Given this, staff don't perceive this will be a high risk for our next audit.

- **KPI 9.3 Percentage of code of compliance certificate applications processed within statutory timeframes**

The target for this KPI is 100% of code of compliance certificate applications processed within the statutory timeframe of 20 working days. The result for the 2023/2024 year is 73.23%. A decrease from the previous two years of 99% and 96.5%.

The team has been working through process improvements. Earlier in this year 2023/2024 the KPI was tracking at 76.8%. While there is a drop from the February total the team is continuing to implement process improvements that along with the junior Building Control Officers gaining competencies, there is an expectation of continued improvement in the coming year.

A focus on using additional tools to improve efficiency i.e. use of Artificial Intelligence to assist in application processing and the use of Remote Inspections becoming increasingly feasible through connectivity to the phone networks.

Risk review

With the numbers trending upwards staff don't perceive this will be a high risk for our next audit.

- **KPI 9.4: Number of serious injuries to the public from dog attacks**

The target for this KPI is zero serious injuries to the public from dog attacks. The result for the 2023/2024 year is one.

This dog attack was recently reported to staff, and it occurred in Riverton in February. The victim of the attack did have some photos to share and was not wanting to act at this time. Staff are working on the methodology of this KPI to include some framework to what constitutes a 'serious' dog attack.

- **KPI 9.6: Number of incidents of foodborne illness believed to be caused by food sold at a Council-verified business**

The target of this KPI is zero incidents of foodborne illness believed to be caused by a Council-verified business. The result for the 2023/2024 year was three incidents. An increase in incidents from the previous two years in which there were no incidents.

A course of action (once agreed) could be a joint on-site inspection with MPI or a discussion at the next scheduled verification inspection.

27 **Transport activity group:**

- **KPI 12.3: maintenance of a sealed local road network - the percentage of sealed local road network that is resurfaced**

  The target of this KPI is that 6.5 % of the roading network is resurfaced (annually). The result for the 2023/2024 year is 4.06%. This KPI result has been decreasing throughout the Long Term Plan 2021-2031 – results in the 2021/2022 reporting year were 6.2% and in 2022/2023 reporting year 5.2%.

  There are two main contributing factors in relation to not achieving this KPI, the increase in contract rates further to tendering and bitumen cost indices increased significantly post COVID, which resulted in a heavily reduced programme for the same level of investment.

  SDC's current LTP bid to New Zealand Transport Authority (NZTA) for the 2024/2034 LTP used the revised contact rates, indicating to NZTA the level of investment required. The indicative allocation received from NZTA to date is not at the level required. Should the allocation of funding not match the level required it is highly likely this KPI will not be met across the first 3 years of the Long Term Plan 2024-2034.

  Risk review

  There is potential for higher maintenance costs if the road fails because the budget has restricted the work to be done.

28 **Wastewater activity group:**

- **KPI 14.2a: Response to wastewater (sewerage) system faults – Attendance time: from the time of notification to the time when service personnel reach the site**

  The target is that Council responds in less than 1 hour to notifications, with the result for the 23/24 year being 1.16 hours. the KPI is measured as a median time across the year.

  There were six requests for the 2023/2024 year with the median response time being 1.16 hours or the equivalent of 1 hour and 10 minutes. Although outside of the expected response time of no more than 1 hour, the expected standard is New Zealand wide, and given the geographical area of Southland, 10 minutes over the expected hour is not unreasonable and did not impact on the service provided.

  In the 2021/2022 reporting year and again in the 2022/2023 reporting year this KPI target was met – all responses to wastewater systems faults were attended with a median result of less than 1 hour.

- **KPI 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**

  Working with the previous KPI, Council is required to respond to notifications within an hour and then Council is required to resolve the blockage or fault in less than 6 hours.

  The result for the 2023/2024 year was 7.04 hours, one hour and 2 minutes over the targeted resolution time. The contributing factor this year was the September and April extreme rain/flood events in 2023/2024. Two of the notifications of a fault came to

Council during the extreme rain/flood events in which made getting to the fault and rectifying them go past the time frames in the standard.

In the 2021/2022 reporting year and again in the 2022/2023 reporting year this KPI target was met – all notified wastewater systems faults were rectified with a median result of less than 6 hours

- **KPI 14.5: percentage of monitoring results that show compliance with resource consent conditions**

  The target of this KPI is to have 100% compliance with resource conditions, with the results for the 2023/2024 year being 95% compliance.

  Of the six non-compliant results, Curio Bay has work being completed now on membranes, Riversdale needs a new filtration bed completed. Edendale and Wyndham staff are working through the consent process now and the Meadow Burn plant has been cleaned out by Environment Southland. Oban is the sixth plant being worked on with a new rising main, more work on the ponds including aeration and the completion of new disposal fields.

  KPI 14.5 has consistently not been met across the life of the Long Term Plan 2021-2031, with results ranging from 95 – 96%.

29   **Water supply activity group:**

- **KPI 15.3a: Drinking water safety - The extent to which the Council drinking water supplies complies with: drinking water standards (bacteria compliance criteria)**

  The target for this KPI is 100% that Council's drinking water supplies comply with the drinking water standards (bacteria compliance). For this reporting year 2023/2024 the result was 63.9%. or the 2021/2022 year the result was 91% and in the 2022/2023 year the result was 92%

- **KPI 15.3b: Drinking water safety - The extent to which the Council drinking water supplies complies with: drinking water standards (protozoal compliance criteria)**

  The target for this KPI is 100% of Councils drinking water supplies comply with drinking water standards (protozoal compliance). For the 2023/2024 reporting period the result was 36.4%. For the 22/23 year the result was 18% and the 21/22 year the result was 36%

  Council has 12 water treatment plants that need to meet this KPI, for the KPI to be compliant for the year. Testing is by the minute every day for each plant relying on technology to manage, test, communicate and respond (alarms). Therefore, meeting this KPI is complex and difficult. If a plant is out for 10 minutes in any given day the result for the year will be non-compliant. Each instance of non-compliance reduces the % from 100.

  For the 2023-2024-year Eastern Bush remains the plant that is non-compliant due to the age of the plant. The Chlorination scheme is only basic – when the river gets dirty during storms the chlorination may not be as effective.

  Across the 2023/2024 there was one incident where again due to the age of the plant, the choline levels went low for a short period of time. Normally this would have triggered an

alarm to the operator, but the SCADA system alarm was not sent, therefore nearly a day of non-dosing happened until the fault was found. An upgrade to the SCADA programming has taken place so that this is less likely happen again.

At Eastern Bush there is no protozoal treatment therefore it is always 100% non-compliant. This will be rectified with the new plant 2026/2027, this upgrade has been moved from the 2024/2025 year due to continued discussions with Environment Southland on the consent, allowing more time to find a more secure water source and the affordability of the programme.

Eastern Bush is on a continuous boil water notice due to the 100% non-compliance with protozoal. SDC does reiterate the boil water notice with any detect of E. coli in the water.

Ohai is a membrane plant that does a self-check (integrity test) each day, checking that the membrane does not have any holes. The way the programme was originally set up was that an integrity test was done once every 24 hours. The Ohai plant does not run continuously therefore it missed some of the integrity checks and was non-compliant. The system has now been changed to do the test early in the morning and an alarm sent out to the operator if the test has not been completed each day, thus ensuring one integrity test every 24 hours is completed.

Tuatapere does not meet the 4 log credits (an industry standard of compliance) due to the age of the filters, the plan is to upgrade the UV to recertify this. The plant meets 3 log credits at present.

Lumsden – there was one day of non-compliance due to a blown UV lamp, if one bulb is out of action the plant still operates but at a lesser degree that may not reach the standard. The programming has been changed so that should this happen again the plant will shut down and send out an alarm.

Manapōuri – there were two instances of high turbidity, one was during the upgrade work on the plant, emptying and refilling disturbing some sediment, the plant is due to be complete in October 2024

Mossburn – due to a low UV Transmittivity (UVT) reading which is the measurement of the amount of light passes through the test tube. Colour or turbidity(dirt) in the water reducers the UVT

Otautau low UVT one day, at present this plant is on a fixed UVT dose, an upgrade to the UV operation should prevent this occurring. This upgrade will be completed by December 2024

Winton – low UVT – same issue not prolonged, the upgrade 2024/2025 this will fix this.

- **KPI 15.5: Demand management - The average consumption of drinking water per day, per resident within the territorial authority district**

  The target of this KPI is that the average consumption of drinking water per resident per day is less than 850 litres. The result of the 2023/2024 year is 969 litres. 119 litres per resident above the target.

When this KPI is measured using the strict DIA required method, SDC must consider all its water supplies including Lumsden Balfour and the Eastern Bush-Otahu Flat water schemes that are effectively water for stock not people. This affects the total making SDC non-compliant with the standard. However, when staff calculate the average consumption based on connections the result is 703 litres per person per day, 583 litres comparatively for 2022/23.

This KPI has not been met for two of the three years of the Long-term plan 2021-2031 with consumption totals being 919 litres 2021/2022, 850 litres 2022/2023, and 969 litres 2023/2024.

Not Measured KPI's

30   **Environmental Management Group - Emergency Management**

- **KPI 10.1: Number of Southland communities covered by a community response plan that have been reviewed with that community in the last three years.**

  The target for this KPI is that eight or more of the community response plans will be reviewed on an annual basis over the 3-year period.

  In the 2021/2022 year 27 plans were reported as reviewed, therefore this KPI has been met for the 3-year period. However, in the 2023/2024 reporting year due to staffing issues at Emergency Management Southland (EMS) and the two-extreme rain/flooding events in September 2023 and April 2024 there were no plans reviewed this year.

- **KPI 10.2: Percentage of surveyed households that have an emergency plan (written or verbal).**

  The target of this KPI is that at least 60% of households will have either a written or verbal plan in case of an emergency.

  Again, due to the staffing issues at EMS and this being an annual measurement the survey that collects the data for this KPI has not been sent out as yet. When contacted, EMS staff indicated the recruitment process for the EMS manager is in its final stages and the team were organising the survey to take place in the next 3 months.

  For the previous two reporting years of the Long-term plan 2021-2031 the results have been 48% of households with a plan in the 2021/2022 year and the KPI was not measured in the 2022/2023 year, however will be measured in the 2024/2025 year.

31   **Transport Activity Group**

- **KPI 12.1: Condition of the sealed road network – The average quality of ride on a sealed local road network measured by smooth travel exposure.**

  The target for this KPI is 97% is the average quality of ride on a sealed local road network measured by smooth travel exposure. There is no result at this point as the KPI is measured every two years with the next measure planned for the 2024/2025 year.

Staff do not anticipate any concerns with this KPI reaching its target. Previously when measured at the end of the 2022/2023 year the result was 99%.

- **KPI 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).**

   The target of this KPI is for 70% of footpaths fall within the level of service standard. There is no result for this financial year.

   This KPI is yet to be measured, however at the point of writing this report NZTA have cut the funding allocation for footpaths. Council needs to consider the cost of running a survey balanced with the reduced programme of work.

   Staff indicated the KPI should be met at this point. The survey is programmed for February 2025. The end of year result for the 2022/2023 year was 96%.

Next steps

32   The next interim performance report will be presented to Council as part of the Annual report process.

33   Where staff have identified a risk to Council, the relevant activity and group managers will ensure that improvements are put in place where possible and the KPI is monitored sufficiently.

Attachments

A   End of Year KPI performance report 2023-2024

End of year Performance Report

End of year reporting year 01 July 2023 – 30 June 2024

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%**	**93%**	**Green**
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.			
Of the 659 reports presented to Council, committees and subcommittees of Council and community boards in this reporting period (1 July 2023 to 30 June 2024), 610 of the reports (93%) 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%**	**152 %**	**Green**
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			
As at May 31 all boards have completed their yearly rounds of funding. The number of requests for the Community Partnership fund has exceeded the funding amount available and is at 183.07%. The District Initiative Fund has two rounds per financial year which have now been completed and the total number of funding requests received is at 89.8% of the total annual allocated budget. For the year to date the total annual subscription rate across both funds combined is 152%. this result is an average across the two funds. Due to the over subscription to the Community Partnership fund some community groups have not received the funds they have requested or have received a reduced amount of funding so that the funding allocated does not exceed the amount budgeted. While the District Initiative fund not being fully subscribed, the remaining 11.2% of the fund will carry over into the 24/25 financial year.			
1.3 – Percentage of Community Board meetings and workshops where the community is in attendance to address the Board	**≥ 50%**	**68%**	**Green**
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.			
Community attendance numbers have remained high for this reporting year. There was a total of 100 people in attendance from 68 meetings and workshops across the year. There was still a diverse range of groups and individuals attending workshops and meetings ranging from government departments such as DOC, NZTA and the Police. Private groups in attendance included local business associations, hall committees, a group from Te Oruanui Marae (Ohai), small business owners and interested community individuals discussing and presenting on issues that were relevant to themselves and their communities. The higher number of public attending meetings is a positive indication of engagement and involvement in the community. The community boards have been encouraging and active in supporting public to attend meetings.			

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%**	**92.9%**	**Green**
This KPI measuring requests for service (RFS) within timeframes demonstrates that the level of service is being met			
There was a total of 114 RFS requests for the final reporting period and 106 were completed within the agreed timeframe. There was a total of 2149 RFS requests for the year and 2005 completed within the agreed timeframe (93.3%).			
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**
This KPI checks to ensure compliance with Council policy that burial/internment costs are self-funding and not requiring the support of a rate.			
Year end income was $25,246 greater than costs.			
3.2 – To meet family expectations that the burial plots are prepared by the time required	**≥ 100%**	**98%**	**Red**
This KPI measures the timeliness of the service to ensure that family expectations are met			
There were 86 Burials for the year with 84 of these having the plot preparations notified on time. of the 2 burials that did not meet the measure, one was a Saturday burial where notification of the plot was prepared and available being due at 8.am and was received at 8.03 am. The other was also on Saturday morning where notification was due at 10am but not received until 10.18. The email of confirmation advised the plot was prepared by the due time of 10am, but due to technical issues with email, the email was not able to sent by the required time. In both instance these are considered to be one off's with the level of service provided to the families not being affected in either situation.			

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%**	**89.85%**	**Green**
This KPI measures the occupancy rate. A high occupancy rates shows that housing is being used effectively in accordance with the Community Housing policy.			
Two properties within the portfolio are currently un-tenantable due to long term significant repairs and maintenance required. These two flats contribute to the lowered percentage of occupancy rate. The timing of several exiting tenants over the past few months also affected the occupancy rate. The flats recently vacated are added to the workload of the facilities department to refurbish where required to enable supply of refreshed flats for new tenants coming in.			
4.2 – Percentage of people who meet priority criteria	**≥ 80%**	**91.93%**	**Green**
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.			
This KPI is stable. This percentage is lowered this period as a result of some of the older tenants exiting the flats and the vacant flats are not yet ready for new priority-tenants at the time of the taking of these calculations. Some existing tenants are close to the priority age, so in future we will see this percentage rise.			
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**
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.			
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%**	**91.3%**	**Green**
This KPI measures the maintenance of the service by monitoring whether requests for service (RFS) are within timeframes.			
There was a total of 125 RFS requests for the final report period and 93 were completed within the agreed timeframe. This is due to the reduced number of staff available in the team with staff leaving and the positions having not been replaced. There were a total of 2700 RFS requests received for the full year and 2466 were completed within the agreed timeframe (91.3%).			
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**
This KPI measures the reliability of the network. Any unplanned consumer supply interruptions can indicate issues with the network.			
There were 2 outages in the July to October following that there have been no further outages for the remainder of the year.			

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%**	**29.6%**	**Red**
The KPI measures waste minimisation. The more waste diverted from landfill and recycled the better.			
Trended down with no record of green waste grinding since march available. it is current practice to wait until sufficient green waste volume is available before doing a round of grinding.			
8.2 – The maximum amount of waste per property disposed of to landfill (kilograms)	**≤ 650**	**589.2**	**Green**
The KPI measures waste minimisation. The least amount of waste going to landfill the better.			
total waste disposed at landfill divided by total rubbish bins			

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%	29.28%	Red
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%.			

The overall figure for the 2023/2024 year (July 1, 2023 to June 30, 2024) shows 29.28% of resource consent applications were processed within statutory timeframes, based on the methodology used in the last LTP cycle. This represents an improvement from 11.36% reported in the interim report in February 2024.

Significant progress has been made in recent months. Using an updated methodology that more accurately reflects statutory requirements:

- 43.10% of consent applications decided in the last quarter (April 1 – June 30, 2024) were processed within statutory timeframes.
- This improved further to 75% for consent applications decided in July and August 2024.

These improvements reflect our ongoing efforts to enhance efficiency and data accuracy, including the establishment of a consultant panel in early 2024 and process improvements in our resource consenting team.

Moving forward for the 2024-2025, we are updating our methodology to ensure data consistency in Pathways and to only capture resource consent types with statutory timeframes. We are also implementing online lodgement for all consent application types to improve initial data capture.

While historical applications continue to impact our overall figures, we're steadily reducing this backlog. With our ongoing process improvements and recruitment efforts, we anticipate continued positive trends in meeting statutory timeframes.

Performance measure	Target	Result	Status
9.2 – Percentage of building consent applications processed within statutory timeframes	≥ 100%	70.1%	Red
The KPI measures processing efficiency. The statutory timeframe is twenty working days.			

Due to the recruitment of Team Leads for Processing and Inspections as well as a Technical Lead, we have been able to gain efficiencies in processes and ownership for compliance to timeframes. Compliance has been increasing each month and we expect to see this continue to increase with junior Building control Officers (BCO) gaining competencies and further efficiency gains. this KPI is trending upwards from 59.6% at the February check in to a total of 70.1% across the year

Performance measure	Target	Result	Status
9.3 – Percentage of code compliance certificate (CCC) applications processed within statutory timeframes	≥ 100%	73.23%	Red
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).			

While the percentage has dropped back slightly, (76.8%-73.23%), from the February interim total, there is further work being done to ensure compliance to timeframes with changes to procedures to gain efficiencies. With junior BCOs gaining competencies and increasing their knowledge base, we will see an increase in productivity which will also help to meet timeframes.

Performance measure	Target	Result	Status
9.4 – Number of serious injuries to the public from dog attacks	0	1	Red
This KPI measures the number of dog attacks to protect the public from harm. It excludes incidents within the home environment			

There has recently been reported to us a dog bite that occurred in Riverton on 22nd of February 2024. The victim suffered a bite to her leg that required medical attention. She did not want the Council to take any action until her neighbour reported the matter and supplied photos of the injury.

Performance measure	Target	Result	Status
9.5 – Percentage of non-working dogs subject to the responsible owner category	≥ 86%	95.5%	Green
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.			

This KPI has been achieved. The percentage has remained fairly steady throughout the year. This is a good result achieved by all concerned.

Performance measure	Target	Result	Status
9.6 – Number of incidents of foodborne illness believed to be caused by food sold at a Council-verified business	0	3	Red
This KPI is monitors the effectiveness of processes to reduce any harm to public health through foodborne illness at businesses.			

The KPI has not been achieved. There have been three notified incidents of foodborne illness believed to be caused by food sold at a Council verified business. The notification data is generated in pathways under the Registered Food Business FAA number. The previous reports for the premises will be sent to Compliance at Ministry of Primary Industry (MPI) and an agreed course of action will be taken by both parties. This could include a joint inspection with MPI or discussed at the next scheduled verification inspection. The foodborne illness notification will remain on the FAA number and will be a topic covered at subsequent verifications.

Performance measure	Target	Result	Status
9.7 – On site Building Warrant of Fitness audits completed in the community.	≥ 20%	22.6%	Green
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.			

The team are meeting the required 20% audit requirements and are on track to continue to meet this requirement.

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
This KPI measures the resilience, readiness and preparation of communities to response to any events.			
Due to staffing and the two emergency responses this year, data from Environment Southland has not changed from the previous year's reporting period. It is anticipated with the appointment of new staff including a team leader this KPI will be made a priority.			
10.2 – Percentage of surveyed households that have an emergency plan (written or verbal)	≥ 60%	%	Not measured
This KPI measures the resilience, readiness and preparation of communities to response to any event.?			
This KPI has not been measured this financial year due to staff and two emergency responses, it is anticipated within the next three months the survey will be completed and could be ready for the first reporting period of the next financial year. Environment Southland have also been through a recruitment process that should lead to further development in this area.			

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	1	Green
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.			
There was 1 flooding event that resulted in flooding of habitable floors in the reporting year to date June 2023 to June 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	0.11	Green
There was 1 flooding event that resulted in flooding of habitable floors in the reporting year to date June 2023 to June 2024 so 0.11 property 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
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.			
No Abatement notices issued this year.			
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 year.			
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 year.			
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 year.			
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
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.			
Attendance time when the personnel first reached the site is unknown as this was attended by Transport Team and there is no data available			
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	1.29	Green
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.			

Of the 32 RFS coded as THUSW (Transport Hazard Urban Storm Water) in the Year to Date, investigation has indicated that a significant number may have been miscoded at the initial point of contact, current estimates indicate there were up to 12 genuine storm water network infrastructure related Requests for Service. An RFS system review led by Customer Services is due 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**
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?			
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
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)			
This KPI is measured bi-annually. It was last measured 2022/23 and is due to measured again in 2024/2025.			
12.2 – Percentage of gravel road tests where road roughness meets acceptable standards	≥ 85%	91.3 %	**Green**
This KPI measures how well maintained the unsealed road network is.			
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			
12.3* – Maintenance of a sealed local road network - The percentage of sealed local road network that is resurfaced	≥ 6.5%	4.06%	**Red**
This KPI measures how well maintained the sealed road network is compared to the renewal target set in the Asset Management plan.			
At the end of the sealing season 4.06% of the network had been sealed for the year. As forecasted, this is below target but 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%	96.97%	**Green**
This KPI measures responsiveness to requests from the public.			
96.97% of requests were responded to within the required timeframes in 2023/24.			
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	11	**Green**
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.			
There were eleven fatal or serious injury crashes recorded in the Crash Analysis System (CAS) database in the Southland District for 2023/24. Alcohol was a contributing factor for seven (63%) of these crashes.			
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
This KPI measures the condition of the footpath to ensure that they are well maintained for pedestrian's convenience and safety. (measured Annually)			
This KPI is measured on an annual basis and programmed for February 2025			
12.7 – Around the Mountains cycle trail has "Great ride" status	≥ 1	1	**Green**
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			
The Around the Mountains cycle trail has maintained its Great ride status.			

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			
12.8 – The Civil Aviation Authority (CAA) compliance requirements for Part 139 certification is maintained	**≥ 1**	**1**	**Green**
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:*			
The airport has maintained Part 139 certification			
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%**	**93.4%**	**Green**
This KPI measuring requests for service (RFS) within timeframes demonstrates that the level of service is being met			
There was a total of 3 RFS requests for the final reporting period and 3 were completed within the agreed timeframe. There was a total of 136 RFS requests received for the year and 127 completed within the agreed timeframe (93.4%).			

* DIA mandatory performance measure

Waste Water

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**
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.			
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 There is no overflow service request for the reporting period determined to be dry weather overflows.			
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	1.16 hours	**Red**
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.			
There are six total service requests for the reporting period. The median response time of notification for the reporting period is 1.16 or equivalent to 1 hour and 10 minutes, which exceeded the expected attendance response time) of 1 hour. Two of the IPS requests were due to extreme rain/flooding from 20 September to 21 September 2023, and the April 2024 IPS request was due to a heavy rain event.			
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**
There are six total service requests for the reporting period. 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. Two IPS requests were due to extreme rain/flooding from 20 September to 21 September 2023, and the April 2024 IPS request was due to a heavy rain event.			
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	5	**Green**
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.			
There are 48 total service requests for the reporting period: July - 4 service requests August - 6 service requests September - 4 service request October - 1 service request November - 4 service requests December - 4 service requests January - 7 service requests February - 7 service requests March - 2 service request April - 6 service requests May - 2 service request June - 1 service request The calculation for the total number of sewerage system complaints is (48/9,658)*1000=4.96997 Therefore, there is 5 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**
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.			
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%	95%	**Red**
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?			
There were 6 non-compliant results. Curio Bay for E-coli (Apex investigating), Edendale-Wyndham for DRP and Ammonia Nitrogen (beds were replaced too close to sampling), Riversdale for E-coli x2 and Ammonia Nitrogen (new consent now operative, Meadow Burn cleaned out by ES) . 2023-24 Yearly compliance total of 95%.			

* 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	0.27 hrs	**Green**
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.			
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	0.93 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	22.87 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	6.7	**Green**
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.			
54 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 requests (2 calls related to one IPS request - 207319) October - 2 service requests November - 5 service requests December - 4 service requests January- 6 service requests (2 calls related to one IPS request - 207630) February - 11 service requests(2 calls related to one IPS request - 207721) March - 9 service requests April - 2 service requests			

May - 1 service requests
June- 2 service requests
33 calls are related to (no) water supply; 14 are pressure-related, and seven are aesthetic-related.
The calculation for the total number of water system complaints is (54/8,057)*1000=6.7022
Therefore, 6.70 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%	63.6%	Red

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

The water standards for Bacterial compliance.
Seven out of eleven plants throughout the district are compliant, and four plants were non-compliant.
The Otahu Flat/Eastern Bush is non-compliant because of turbidity in the water. There is only basic chlorination at the scheme currently which means when the river gets dirty during storms chlorination isn't as effective. A new plant is being designed and this is expected to be installed in the near future (2026/2027).
The Otahu Flat/Eastern Bush is on a continuous boil water notice to reduce any potential risk.
There was E-coli detected in the Eastern Bush Reticulation on Nov. 3, 2024.
Manapouri - On September 11, 2023 - 66 mins non-compliant due high turbidity under T3.18 National Transition Unit (NTU). On February 21, 2024 non-compliant under T3.15 for 60 mins due to high turbidity.
Ohai - On September 20-21, 2023 2 days non-compliant under T3.2 & 4 due to high turbidity
Tuatapere is technical non-compliant due to a cartridge filtration issue. The plant requires treatment to 4 log credits. The plant does meet 3 log Credits with UV treatment. The filter is being used which gives a further 2 log credits, but the filter housing is not validated. (It is an old filter housing and the manufacturer is no longer operating) The options to remedy this are being investigated at present.

15.3b* – Drinking water safety - The extent to which the Council drinking water supplies complies with: drinking water standards (protozoal compliance criteria)	≥ 100%	36.4%	Red

The water standards for Protozoal compliance
Four of the eleven plants throughout the district are compliant and Seven plants were non- compliant.
*The Otahu Flat/Eastern Bush is non-compliant because of turbidity in the water. There is only basic
chlorination at the scheme currently which means when the river gets dirty during storms chlorination
isn't as effective. A new plant is being designed and this is expected to be installed in the near future (2026/2027).
The Otahu Flat/Eastern Bush is on a continuous boil water notice to reduce any potential risk. There was E-coli detected
in the Eastern Bush Reticulation on Nov. 3, 2024.
Lumsden - On February 28 (833 mins) - 29 (1440 mins), 2024, non-compliant under T3.89 - 90 caused by blown lamp not showing fault on site, on shutdown mode instead of fault mode, no alarms from SCADA.
Manapouri - On September 11, 2023, 66 mins non-compliant underT3. 88 National Transition Unit (NTU) high turbidity. On February 21, 2024, non-compliant under T3.88 NTU for 60 mins due to high turbidity
Mossburn - On September 28-30, 2023 non-compliant under T3.89 due to low Ultra Violet Transmittivity (UVT). On October 1-4, 2023, non-compliant under T3.89 due to low UVT. On November 27, 2023 and on December 10-15, 2023 non-compliant under T3.89 due to low UVT
Ohai - On July 14, 2023, non-compliant under T3.74 no integrity test done.
Otautau - On November 6-7, 2023, non-compliant under T3.89 due to low UVT.
Winton- On November 6-7/11 and on January 24, 2024, non-compliant under T3.89 due to low UVT.
Tuatapere is technical non-compliant due to a cartridge filtration issue. The plant requires treatment to 4 log credits. The plant does meet 3 log Credits with UV treatment. The filter is being used which gives a further 2 log credits, but the filter housing is not validated. (It is an old filter housing and the manufacturer is no longer operating) The options to remedy this are being investigated at present.

15.4* – Maintenance of the reticulated network - The percentage of water lost from the Council's networked reticulation system	≤ 25%	17.21%	Green

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.

This loss is for all schemes as per DIA requirements - 702,247 cubic meters loss Vs 4,080,000 cubic meters produced. Result based on detailed Landuse analysis for unmetered water.

15.5* – Demand management - The average consumption of drinking water per day, per resident within the territorial authority district	≤ 850L	969L	Red

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.

This result strictly in accordance with DIA requirements. Connection based analysis provides a more realistic result of 703 litres/person/day but is not compliant with DIA parameters.

* DIA mandatory performance measure

SOUTHLAND
DISTRICT COUNCIL

Risk management - September 2024 quarterly update

Record no: R/24/6/38545
Author: Jane Edwards, Risk analyst
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision   ☐ Recommendation   ☒ Information

Purpose

1   The purpose of this report is to submit the September 2024 Quarterly Risk Management report for consideration by the Finance and Assurance Committee (the committee).

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 2024 and these form the basis of the committee's quarterly risk report including the risk register.

4   The Executive Leadership Team (ELT) has reviewed the status of the priority risks for the September 2024 quarter and this report presents the current risks, with their assessment, any current and proposed mitigations, and their residual risk assessment.

5   For the committee to note, the Finance risk remains unassessed at a current (residual) threshold while ELT continue to evaluate this new risk and the treatment options currently and potentially available to manage it.

6   The risk register for the September 2024 quarter is included as Attachment A.

7   The matrices used to assess the risks are included for information as Attachment B.

Recommendation

That the Finance and Assurance Committee:

a)   **receives the report titled "Risk management - September 2024 quarterly update"**

b)   **notes those risks currently assessed as of significant issue for the September 2024 quarter.**

Quarterly risk management update

Background

8   The quarterly risk management report has been developed in line with Council's RMF. This framework supports risk management knowledge across the organisation so that risk management can be understood, planned for and managed across all levels and activities.

9   As part of the risk management process outlined in the RMF, Council's priority strategic risks were identified and endorsed in June 2024 and these form the basis of the quarterly risk report including the risk register.

10   The ELT undertake a comprehensive review of the status of the risks, and any emerging risks, on a quarterly basis. This review includes evaluation of each risk, including any current or proposed mitigations, and assessment of the residual risk remaining. ELT's review is incorporated into the risk management update report that is presented to the committee for consideration each quarter.

11   All priority risks are considered of equal importance to Council and are outlined in a single tiered risk register. This allows for fluid prioritisation throughout the reporting year with resource allocated where appropriate across the top risks.

12   Governance will continue to have a clear indication of management's risk priorities by the utilisation of the 'status' for the quarter to indicate where focus and resource could be directed. A 'decreased' status highlights where levels of risk may have been positively influenced over the quarter (i.e. a significant action completed); 'stable' indicates that a risk is assessed as remaining static or managed; and 'increased' highlights where a negative influence may result in a greater focus being required to manage the risk.

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.

Quarterly overview of Council's priority strategic risks

14   The risk register update for the September 2024 quarter is included as attachment A.

15   The risk register has nine priority risks of which two are 'very high', four 'high', and two 'medium' rated post mitigation.

16   To note: the Finance risk remains unassessed at a current (residual) threshold while ELT continue to evaluate this new risk and the treatment options currently and potentially available to manage it.

17   Eight risks are assessed as having a pre-mitigation (inherent) risk threshold of very high. The residual threshold for two of these is assessed as remaining static at very high, four reducing to high, and two reducing to medium, as a result of the mitigations currently in place.

18   One risk is assessed as having a pre-mitigation (inherent) threshold of high. The residual threshold for this risk is assessed as remaining as high 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.

Adverse event

20   This risk continues to be assessed as increased.

21   Capacity constraints and conflicting priorities have meant that the work identified to address gaps in the local and regional emergency response has not yet been undertaken. In consequence, the risk status is unable to be adjusted back to 'stable' or 'managed' for a fourth consecutive quarter.

22   At an organisational level, management have assurance that the organisation has in place a depth of knowledge and the agility to respond effectively if required.

23   This risk is scheduled to be subject to a deep dive with the committee at its 4 September 2024 meeting.

Change

24   This risk continues to be assessed as increased.

Central government

25   The relationship with central government and the limitations on both Council's ability to influence and drive solutions; and its capacity to respond to decisions not of its choice, remains an ongoing heightened risk.

26   Complex decisions continue to be made by central government at speed and with potential ramifications that have not been considered nor understood. With limited ability to plan, this brings risk that mistakes will be made as the organisation pivots to adjust to new requirements. Council will need both continued agility and increased strength in its role as advocate for Southland to navigate the political and legislative changes ahead to achieve best outcomes for the District.

27   Management will continue to engage with central government to ensure levels of service are maintained or improved and plan for changes in service as a response to policy and regulation changes as they arise.

Long Term Plan (LTP)

28   Over the quarter, Council completed public consultation on the draft LTP, held hearings, and deliberated on the issues raised. A qualified audit opinion was received in relation to Waka Kotahi (NZTA) funding however Council adopted the LTP 2024/34 with only minor changes at its meeting 26 August 2024.

29   At the time of writing, there remains risk that the funds received from NZTA and other sources may not match the funds required to undertake Council's LTP roading programme. If Council is unable to secure the level of funding required, the $18.5 million reduction, as indicated by NZTA funding, would see a further reduction in the levels of service which would need to be managed across the road network.

30 Council has balanced the implications of this risk with the benefits of retaining the ability to fund the local share should additional funds become available from NZTA or central government. In proceeding to adopt the qualified LTP, Council has elected to continue on the basis that it has been clear in its LTP that, should co-funding not be available, work will not go ahead and levels of service may be impacted as a result.

31 Going forwards, consideration will need to be given to how to navigate the balance between deliverability and affordability to ensure the commitments made in the LTP are able to be met.

Three Waters

32 New water service delivery models, which the government intends to drive infrastructure investment, have been approved by Cabinet. While these measures appear to have been designed for larger entities, staff have had constructive meetings with representatives from Taumata Arowai over the quarter. Discussions centred on scale-appropriate conditions that might more effectively meet the District's wastewater consenting requirements.

33 The issue remains around the capacity and time that might be required to ensure the decision around three waters is appropriate noting the structure has been a reactive, rather than proactive, measure.

Climate response

34 This risk continues to be assessed as stable.

35 Council continues to follow developments in climate change policy and statutory framework. Central government is currently in the process of reviewing emissions reduction targets and the national emissions reduction plan (ERP). The ERP consultation will conclude later this quarter. To note is that any resultant policy change may have the potential to undermine New Zealand's ability to meets its emissions reduction targets, along with its international obligations. At a local level, this may have resource implications and could create additional challenges for the regional climate response.

36 Council continues working with the regional Climate Change Working Group to set a strategy for the region and subsequent action plan for Council. The regional strategy is now finalised and will be presented to participating councils for adoption over the next quarter. The strategy and accompanying regional framework for action (currently under development) will provide a collaborative foundation for future climate response actions for the District. To note, is the possibility that one or more councils might not adopt the draft strategy.

37 Over the quarter, a staff working group has been established and terms of reference agreed upon. This group will lead the development of an organisational climate change action plan which will be integrated within the next LTP process.

Cyber security

38 This risk continues to be assessed as stable.

39 Council was impacted by three separate outages over the quarter – Crowdstrike, Microsoft and Spark. The vulnerabilities exposed by each cyber outage were well managed by staff with little in the way of immediate or ongoing business process impacts.

40   While these events could be considered 'lite' incidents i.e. high impact but low duration, staff are considering strategies to further increase Council's resilience and continuity.

41   Further treatments and controls relating to this risk will be covered in a separate PE report to the committee from information services staff.

Decision-making

42   This risk is currently assessed as stable.

43   This risk is centred on the potential that Council might not make optimal decisions based on optimal information, which could lead to suboptimal outcomes for the District.

44   The risk might be realised by the lack or poor use of information in decision making, or because decisions have been made in isolation and not aligned with Council's strategic objectives. Decisions made without an understanding of both context and implications could result in increased complexities and inefficiencies impacting the achievement of Councils strategic goals.

45   The organisation aims for sustainable and integrated decision-making and, to this end, Council continues to build and support an effective conduit between governance and staff to enable consistent and clear messaging between the staff and decision makers.

46   It remains vital that governance and staff feel secure and empowered in their decision making with sound processes and objective information backing them up. Management of this risk endeavours to mitigate the potential impacts if Council were to not source the correct data, and/or does not value , manage or utilise the data it has available.

47   Mitigations include increasing organisation-wide knowledge of systems, processes and equipment with emphasis placed on documented process and procedures, internal and external audit and effective integration and communication between teams.

Finance

48   This risk is currently assessed as increased.

49   This risk is described as the potential that Council fails to manage its financial sustainability which impacts its long term ability to fund essential services and projects.

50   While Council's priority strategic risks have always received consideration through a financial lens amongst others, this is the first opportunity to analyse the risk that Council's financial operating model does not have long term sustainability.

51   Agreement will be needed on how this risk is defined and measured however, at its most fundamental, financial sustainability for Council is about whether people can afford to pay their rates. The Shand report (2007) states that for rates to be affordable they should sit within 5% of median household income. The most recent rates affordability modelling indicates that median total rates (both Council and Environment Southland) now make up around 5.31% of median household income, which is higher than the 5% affordability indicator. By year 10 it is expected to increase to 8.95%.

52   Legislation talks of financial prudence, being that Council can meet its operating costs from operating revenue. Council has assessed this as part of its Long Term Plan 2034 and made

decisions to reduce its funding of depreciation in order to balance the rates increase for ratepayers. This will continue to be an area for Council to consider as part of its yearly budgeting cycle.

53   Council as part of the Long Term Plan, noted that it did not want to be in the financial position of Long Term Plan in the 10th year. To ensure this it noted it will continue to advocate to Government on the level of regulations that increase costs substantially for ratepayers along with requesting a fair share of the road taxes collected from Southland among other things.

54   Assessment of this risk will continue to be developed over the next quarter with input from activity managers, executive and governance.

Health, safety and wellbeing

55   This risk continues to be assessed as stable.

56   The continued need to pivot and adjust to change is acknowledged as having an effect on staff, elected members and the organisation. Council continues to manage this, within the scope of its ability, by providing tools and regular training opportunities through its wellbeing programme and its online provider, Telus.

57   A separate report is taken to the Finance and Assurance committee which provides further details about the organisation's health and safety strategic direction and improvement schedule.

Social licence

58   This risk is currently assessed as stable.

59   Council depends on an effective relationship with the community to achieve its strategic objectives. This risk looks at the potential impacts if reputational damage and/or loss of public trust were to erode its mandate to act.

60   Over the quarter consultation on the draft LTP concluded with hearings and deliberations held by Council. Public consultation saw an increased number of submissions from the community with generally positive feedback received throughout the LTP process. 'Do-ability' was a key theme of the current LTP process and it will be important that Council has in place the processes and documentation to demonstrate its accountability going forwards to show it is delivering what it said it would, and to the standard that promised.

61   Internal coordination of the scoping process has improved alignment within the organisation and has enabled project delivery to run smoothly. The project management team have noted, however, that an increased work programme (exacerbated by the LTP process, and coupled with external phasing constraints) has had the potential to create delays to delivery with resultant budget increases.

62   Council continues to create and utilise opportunities to strengthen its social licence within the community via its commitment to localism (where possible), Southland Story, Rob's Round Up, holding citizenship ceremonies, and LTP public meetings in the District in order to ensure it remains accessible and relevant.

63   Recent media coverage (locally of community board issues and nationally of local authority decisions regarding climate change and Māori wards) have had the potential to impact Council's

reputation in the community and may have an impact on the number of potential candidates standing for the upcoming byelection. Council could utilise the opportunity of current public interest to stimulate conversations regarding both the byelection and local body election process.

Strategic relationships

64 This risk continues to be assessed as stable.

65 While noting the assessment above, perception issues arising from the relationship between central and local government has potential to impact Council's reputation and relationship with the community. There is reputational risk that Council is seen as responsible for central government directives and also risk arising from the extent to which central government is beginning to involve itself in local government matters.

66 Uncertainty about central government changes and legislation on Māori wards and other National-led coalition policies also have the potential to drive this aspect of the risk up.

67 The recent media coverage of the Ōreti community board meetings may have an impact on the byelection, however the relationship between community boards, Council and community overall continues to see marked improvement.

Emergent risks

68 No potential emergent risks have been identified this quarter.

69 Staff will continue to scan for emerging risks and escalate as appropriate.

In-depth risk analysis

70 As part of the risk management reporting process, the ELT undertakes a regular programme of in-depth analysis into each of the key risks identified by Council.

71 A workshop is scheduled for the September 2024 committee meeting to facilitate discussion of one of Council's key strategic risks.

Attachments

A   Risk register - Finance and Assurance committee - Sept 24 quarter
B   Risk Management Framework - risk matrices

Quarterly risk register – September 2024 quarter
Finance and Assurance Committee

STRATEGIC RISK SUMMARY TABLE								
Adverse event	Change	Climate response	Cyber-security	Decision making	Finance	Health, safety and wellbeing	Social Licence	Strategic relationships
PRE TREATMENT (INHERENT) THRESHOLD								
Very high	Very High	Very high	Very high	High	Very high	Very high	Very high	Very high
POST TREATMENT (RESIDUAL) THRESHOLD								
High	Very high	Very high	Medium	High	TBC	Medium	High	High
RISK STATUS FOR THE CURRENT QUARTER IS ASSESSED AS:								
Increased	Increased	Stable	Stable	Stable	Increased	Stable	Stable	Stable
RISK LEAD								
Executive Leadership Team								
ACTION OFFICER								
Communications manager Climate change lead Strategic manager transport Strategic manager water & waste Strategic project lead	Executive leadership team	Climate change lead Strategic manager transport Strategic manager water & waste	Manager information services	Executive leadership team	Financial Accountant Financial business partnering lead Financial development coordinator Strategic manager transport Strategic manager water & waste Community facilities manager Corporate performance lead Project delivery manager	Health & safety manager Group manager people and culture Senior people and culture advisor	Community leadership manager Communications manager Governance legal manager Project delivery manager Senior project manager Building coordinator team leader	Communications manager Community leadership manager Governance legal manager

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Southland District Council
Te Rohe Pōtae o Murihiku

PO Box 903
15 Forth Street
Invercargill 9840

0800 732 732
sdc@southlanddc.govt.nz
southlanddc.govt.nz

Strategic risk: ADVERSE EVENT

DESCRIPTION	The risk that Council is unable to appropriately respond to the consequences of a sudden natural or human-induced event impacting the District			STATUS
				Increased
Risk management framework **CATEGORY**	Social, cultural & environmental Financial	**Risk register** **LINKS**	Climate response Social licence Cyber security Strategic relationships	
RISK LEAD	Chief executive	**ACTION OFFICER**	Executive leadership team	

POTENTIAL RISK TRIGGERS	External: • biosecurity outbreak • severe weather event • disaster caused by failure of man-made structure • natural disaster event without warning or build up • global financial crisis • pandemic Internal: • critical asset failure that impacts safety as a result of poor resource allocation/prioritisation e.g. water, energy, telecommunications, financial • 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	**Consequence:**	Catastrophic	**Likelihood:**	Possible
THRESHOLD	**Very high**			

CURRENT MITIGATIONS	o emergency management
	  o collaboration on emergency management response approach across agencies and the region
	  o organisational emergency response plans including internal incident management team
	  o community emergency response plans
	o business continuity planning
	  o effective communication/roles/governance with documented processes
	o infrastructure resilience

	o criticality assessment and asset identification ratings and plans to return to BAU
	o appropriate capacity and competency in place to manage, monitor, operate and maintain critical infrastructure
	o infrastructure strategy/activity management plans completed and in place
	o financial resilience
	o adequate borrowing capacity in place through the financial strategy to assist with recovery costs
	o catastrophe insurance in place
	o external sources – central government/agencies
	o ability to reprioritise funding

POST TREATMENT	Consequence:	Catastrophic		Likelihood:	Unlikely
THRESHOLD	High				

Strategic risk: CHANGE

DESCRIPTION	Risk that Council has inadequate adaptability to respond to a continuously changing environment				STATUS
					Increased
Risk management framework **CATEGORY**	Strategic		**Risk register** **LINKS**	Climate response Social licence Decision making Strategic relationships	
RISK LEAD	Chief executive		**ACTION OFFICER**	Executive leadership team	
POTENTIAL RISK TRIGGERS	**External** - changes in the political environment - changes in the regulatory framework - unknown role of local government - changes in community/stakeholder service level expectations - wider economic downturn - relationships with neighbouring territorial authorities are ineffective or adversarial due to differences of opinion or priorities - international events, trends or decisions influencing NZ **Internal** - organisational lack of agility and resilience due to: - political personalities, trust and relationships, and change of key personnel – both positive and negative - failure to manage iwi and stakeholder relationships, communication and engagement tactics, including due to lack of resource or need to balance priorities - short term focus overshadows long term cost benefit outcomes - political sovereignty/patch protection leads to lack of alignment or willingness to compromise i.e. boundaryless approach vs localism - financial strategy misaligned with wider context - loss of key staff/elected members - inadequate capacity and capability - complexity and effectiveness of organisation systems and processes - siloed culture - inadequate contingency planning - not 'change ready' - lack of strategic direction and/or implementation				
PRE TREATMENT	**Consequence:**	Major	**Likelihood:**	Highly likely	

THRESHOLD	Very high		
CURRENT MITIGATIONS	- monitoring of macro trends/broader environment - taking an apolitical approach to continue working effectively with central government - 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 - organisational resilience - 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 - detailed succession planning - visibility of Council's strategic direction - financial resilience - ensuring the ability to urgently reprioritise capital spending and/or community levels of service spending - effective communication and engagement - open and transparent decision making via regular governance briefings - regional and national collaboration and knowledge sharing - representation review to ensure communities in the District are fairly and effectively represented		
POST TREATMENT	**Consequence:**	Major	**Likelihood:** Highly likely
THRESHOLD	Very high		

Strategic risk: CLIMATE RESPONSE

DESCRIPTION	The risk that Council fails to appropriately adapt to, or mitigate the effects of, a changing climate		STATUS
			Stable

Risk management framework CATEGORY	Health, safety & wellbeing Strategic Regulatory & compliance Social, cultural & environmental	Risk register LINKS	Adverse event Social licence Change
RISK LEAD	Executive leadership team	ACTION OFFICER	Climate change lead Strategic manager water & waste Strategic manager transport

POTENTIAL RISK TRIGGERS	<u>External</u>
	
	• ineffective clear advice to enable evidence-based quality decisions due to:
	   · variability and uncertainty in climate change modelling
	   · changes in political direction
	   · continued debate of validity climate change science
	• economic, social and technological shocks resulting from the transition to a lower carbon economy
	<u>Internal</u>
	
	• inadequate consideration of climate impacts in:
	   · strategic decision-making
	   · fit for purpose activity management
	• uncertainty in the climate change modelling on the physical climate change and transition impacts making it hard to estimate impacts on particular Council activities
	• lack of necessary funding and financial resilience to manage the speed and scale of mitigation, transition and adaptation effort
	• failure to understand the significance of effects of changing climate
	• failure to comply with legislative requirements
	• misalignment between Council's climate change strategies and its operational activities
	• misalignment between strategies and national and international recommendations

PRE TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood:	Likely
	Very high			

CURRENT MITIGATIONS	• deliver asset management and capital projects to make core infrastructure assets resilient to a changing climate o infrastructure planning and asset management that takes into account climate change impacts and contributes to adaptation and mitigation pathways

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	o ensuring continued compliance with appropriate national and regional plans		
	o consideration of climate change impacts in business cases, activity management plans and Council reports		
	• embed climate response thinking, planning and action into all Council activities		
	o consideration of climate change in planning decisions, particularly in relation to spatial planning and the District Plan		
	o regional climate change strategy in collaboration with regional partners		
	o measuring and reducing Council's greenhouse gas emissions		
	o increase staff knowledge of climate change issues and how these relate to their work		
	o effective internal and external communication of climate change related issues		
	o establishment of a staff climate change working group		
	o business continuity planning		
	o continued advocacy for the region		
	• financial resilience		
	o adequate borrowing capacity in place through the financial strategy to assist with recovery costs		
	o catastrophe insurance in place		
	o central government/agency funding		
POST TREATMENT	**Consequence:**	Catastrophic	**Likelihood:** Possible
THRESHOLD	**Very high**		

Strategic risk: **CYBER SECURITY**

DESCRIPTION	Risk that Council's systems are vulnerable to cyber-attack and/or error		STATUS
			Stable
Risk management framework CATEGORY	Financial Regulatory & compliance Operational	Risk register LINKS	Adverse event Social licence Decision making
RISK LEAD	Executive leadership team	ACTION OFFICER	Business solutions manager

POTENTIAL RISK TRIGGERS	**External**
	• external threat attempts – phishing/malware/ransomware
	• third party supplier breach
	• social engineering
	• complacency regarding international trends and attacks
	Internal
	• technical failure to protect IT systems
	   · increasing digitisation without integration with processes
	   · inadequate cyber strategy
	   · underinvestment/lack of maintenance
	• breakdown of internal controls
	   · inadequate IT security awareness/culture/behaviours /competency potentially resulting in malicious or innocent employee activities
	   · remote/flexible working creating less secure connections

PRE TREATMENT	Consequence:	Catastrophic	Likelihood:	Possible
THRESHOLD	Very high			

CURRENT MITIGATIONS	• increased digital protection
	• better life cycle management of IT infrastructure
	• effective governance, strategies and plans
	   o cyber security strategy, SAM for compliance, disaster recovery plan, cyber incident management, collaboration.
	• improved internal controls
	   o regular reporting to management and governance
	   o phone systems, systems back up, role based controls in place
	• regular staff and governance cyber security awareness training

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POST TREATMENT	Consequence:	Catastrophic	Likelihood:	Rare
THRESHOLD	Medium			

Strategic risk: DECISION MAKING

DESCRIPTION	The risk of suboptimal decision-making by Council				STATUS
					Stable
Risk management framework CATEGORY	Financial Strategic Operational		Risk register LINKS	Change Social licence Cyber security Strategic relationships	
RISK LEAD	Executive leadership team		ACTION OFFICER	_	

POTENTIAL RISK TRIGGERS	Internal • poorly managed maintenance, storage and availability of public and personal information generated and collected by Council • 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 • lack of systemic controls and a poor understanding of privacy • reliance on staff to know, understand and act appropriately regarding collection, storage, usage and sharing of data and information		
PRE TREATMENT THRESHOLD	**Consequence:**	Major	**Likelihood:** Possible
	High		

CURRENT MITIGATIONS	• effective governance, strategies and plans
	  o Significance and engagement policy
	  o Long term plan and Annual plan
	  o strategy development workplan to look beyond 10-year LTP cycle
	  o FMIS (Finance Management Information System) project
	• knowledge building
	  o functional conduit between governance, management and organisation to ensure strategic vision delivered to the organisation effectively
	  o regular collaborative governance group meetings to progress alignment of strategic direction – Mayoral forum, CEO forum, neighbouring councils plus other external strategic discussions.
	  o regular Council briefings for sharing of information and alignment of thinking
	  o early and ongoing briefing of elected members regarding project timelines and key milestones		

	o use of Taituarā guidance
	o increasing focus on improving project management and risk management
	o governance and staff inductions – clear understanding of respective roles in decision-making process
	o training and support for effective use of tools available

• review and improve systems/procedures around data capture, management and storage
  o data governance work programme focussing on data management, security and classifications including identifying all data sources and 'unmanaged' data.
  o review and improve systems/procedures around data capture, management and storage to improve integrations between current and new systems
  o contract alignment
  o implementation of metadata standards and asset management tool (IPS)
  o established infrastructure design standards
• effective communication and engagement
  o open and transparent decision making via regular governance briefings
  o part of BAU with operational reporting to community boards

POST TREATMENT	Consequence:	Major	Likelihood:	Possible
THRESHOLD	High			

Strategic risk: FINANCE

DESCRIPTION	The risk that Council fails to manage its financial sustainability impacting its long term ability to fund essential services and projects		STATUS	
			Increased	

Risk management framework CATEGORY	Financial Social, cultural & environmental	Risk register LINKS	Adverse event Climate response Change	Decision making Social licence Strategic relationships
RISK LEAD	Executive leadership team	ACTION OFFICERS	Strategic manager transport Strategic manager water & waste Community facilities manager Project delivery manager	Financial Accountant Financial business partnering lead Financial development coordinator Corporate performance lead

POTENTIAL RISK TRIGGERS

External

- rapid increases in inflation, insurance premiums, finance sector credit contraction, interest rates, oil prices, debt costs, significant pressure on household rates affordability
- critical infrastructure failure
- major supplier failure
- major government policy changes negatively impact Council's income streams or cost base
- natural or manmade disaster (including deliberate attacks on critical infrastructure or pandemic) has an impact on the economy
- recession (two successive quarters or negative GDP growth)

Internal

- inadequate asset management
- inadequate balance sheet and cashflow management
- inadequate control framework
- lack of effective financial reporting and monitoring
- staff and system knowledge and capability
- financial information that is appropriate, accessible, reliable, accurate and timely
- breakdown in internal controls resulting in internal or external attempts to perpetuate fraud

PRE TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood:	Possible
	Very high			

| **CURRENT MITIGATIONS** | effective governance, strategies and plans Council's long term strategic planning e.g. Long Term Plan, Annual Plan, Annual report Financial Strategy and associated policies Fraud Policy including fraud and corruption awareness training Procurement Policy and manual implementation Code of Conduct Conflict of Interest policy and register effective internal processes asset management plans continued improvement in internal management practices including risk management, broader assurance practices and financial management internal and external audit programme: effective external processes continued advocacy to secure central government/key agency funding for priority projects monitor and respond to legislative and regulatory obligations ongoing relationship management, communication, and monitoring to identify early on any significant changes to funding models that may have financial implications financial resilience adequate borrowing capacity if required to assist with recovery costs insurance of Council's assets externals sources e.g. central government/agencies ability to reprioritise funding | | | |

| **POST TREATMENT** | **Consequence:** | TBC | **Likelihood:** | TBC |
| **THRESHOLD** | **TBC** | | | |

Strategic risk: HEALTH, SAFETY AND WELLBEING

DESCRIPTION	Risk of health, safety and wellbeing harm to staff, contractors and community				STATUS
					Stable
Risk management framework **CATEGORY**	Health, safety & wellbeing	Operational	**Risk register** **LINKS**	Adverse events Change	Social licence
RISK LEAD	Executive leadership team		**ACTION OFFICER**	Health & safety manager Group manager people & culture	Senior people & culture advisor

POTENTIAL RISK TRIGGERS	External
	• complacency leading to greater risks being taken by community
	• failure to properly engage with and listen to the community –failure to act on lessons learned from near misses and incidents (including lessons from other industry experiences) human error/inappropriate behaviours/criminal behaviours or damage at Council assets
	Internal
	• poor health and safety culture and/or behaviours across the organisation leading to:
	· stressed disengaged staff
	· increased staff workloads
	· limited capability and capacity
	· inadequate governance understanding of role/accountability
	· staff failure to understand duties and accountability relating to health and safety
	· critical health and safety risks not identified, assessed and mitigated adequately
	· inadequate contractor management frameworks including procurement and assurance practices
	• competing priorities:
	· deferred maintenance / under resourcing leading to identified risks not being mitigated appropriately.
	· time pressures and/or complacency leading to acceptance of high levels of risk
	• poor understanding of the health and safety risks within the facilities and services provided and managed by Council
	· failures in safety-in-design planning for amenities and services provided to the community
	· failures in asset maintenance
	· failure in due diligence on assets purchased for use by the community or staff
	· failure in due diligence on maintenance
	· internal Business Continuity Plans and Pandemic Plans not adhered to.

PRE TREATMENT	Consequence:	Catastrophic	Likelihood:	Highly likely

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THRESHOLD	Very high		

CURRENT MITIGATIONS	• effective governance, strategies and plans
	  o critical risk register and framework
	  o health, safety and wellbeing policy and framework.
	  o health and safety strategic road map
	  o condition assessments for assets
	  o pandemic business continuity plan in place and current
	  o best practice public reporting, safe structures and signage/warnings
	  o collaborative approach with other southern councils
	  o ongoing training for governance and management on roles and responsibilities
	 • organisational health, safety and wellbeing culture
	  o ongoing education process with staff about controls in place and continued monitoring of effectiveness
	  o effective health and safety governance structure
	  o wellbeing programme established
	 • ensuring continued compliance with appropriate national and regional plans
	 • comprehensive audit framework
	 • prequalification and safety standards for contractors
	 • monitoring of macro trends/broader environment		

POST TREATMENT	**Consequence:** Catastrophic	**Likelihood:**	Unlikely
THRESHOLD	High		

Strategic risk:　　　　　**SOCIAL LICENCE**

DESCRIPTION	The risk that Council fails to maintain acceptable levels of social licence within the community		STATUS
			Stable

Risk management framework CATEGORY	Social & cultural　　　　　Strategic	Risk register LINKS	Adverse event　　Decision making　　Social licence Change　　　　　　Health, safety &　　Strategic relationships Cyber security　　　wellbeing
RISK LEAD	Executive leadership team	ACTION OFFICER	Community leadership manager　　Project delivery manager Communications manager　　　　Senior project manager Governance legal manager　　　　Building coordinator team leader

POTENTIAL RISK TRIGGERS	**External** • changes in the political environment • changes in the regulatory and statutory framework • local government delivering central government directives • societal pressures and/or polarization including misinformation and disinformation • community indifference/consultation fatigue with local and central government, and other agencies. **Internal** • inconsistent or ineffective approaches to engagement, communication, governance • lack of transparency and accountability • narrow, short term/misaligned strategic focus • ineffective or lack of collaboration/partnership with iwi/stakeholders/community • poor understanding of and responsiveness to community needs and expectations • lack of or insufficient resources

PRE TREATMENT THRESHOLD	Consequence:	Catastrophic	Likelihood:	Possible
	Very high			

CURRENT MITIGATIONS	• effective governance, strategies and plans 　　o effective strategic planning - long term plan and annual plan 　　　　· development of a well-informed capital works programme based on known condition and performance of assets 　　　　· allocation of appropriate funding and resources to deliver prioritised work plan 　　　　· procurement optimisation

	· internal and external audit
	· ability to reprioritise work programme
	o adherence to Code of Conduct, Conflict of Interest policy and Council Standing Orders by staff and elected members
	o staff development and training, documented process and procedures, contract management, and succession planning
	o significant and engagement policy
	o protected disclosures policy
	• enhanced customer experience
	o facilitate a high quality and quantity of community engagement
	o transparent and proactive disclosure of decision making
	o regular opportunities for the community to give views to Council
	o public consultation on significant issues
	o regular iwi and stakeholder engagement
	o provide accurate information and enables rapid response to misinformation
	o key strategic relationship management
	o Community Boards as conduit between Council and community
	• recruiting and retaining skilled resources
	o engaging contractors/consultants for specific and short-term work delivery
	o monitoring organisational climate
	o work closely with industry providers and training institutions

POST TREATMENT	**Consequence:**	Major		**Likelihood:**	Possible
THRESHOLD	High				

Strategic risk: STRATEGIC RELATIONSHIPS

DESCRIPTION	The risk that Council fails to appropriately maintain its local, regional and national relationships impacting its ability to achieve the best outcomes for the District			STATUS
				Stable
Risk management framework **CATEGORY**	Social & cultural	Strategic	**Risk register** **LINKS**	Adverse events Finance Change Social licence Decision making
RISK LEAD	Chief executive		**ACTION OFFICER**	Executive leadership team

POTENTIAL RISK TRIGGERS	**External**
	
	• political EQ
	• changes in political landscape nationally and locally
	
	Internal
	
	• inadequate or ineffective engagement, communication, governance
	• narrow, short term/misaligned strategic focus
	   · ineffective or lack of collaboration/partnership with iwi/stakeholders/community
	• lack of shared work programme or agreed objectives
	• dysfunctional internal relationship between governance and staff
	   · dysfunctional organisational culture – job uncertainty/restructures/staff burnout/remote working
	• lack of awareness regarding Treaty obligations and iwi protocol

PRE TREATMENT THRESHOLD	**Consequence:**	Major	**Likelihood:**	Likely
	Very high			

CURRENT MITIGATIONS	• establish strong networks with other agencies and external stakeholders to share knowledge, learnings and culture
	   o regular engagement with stakeholders at political and executive level
	   o collaborative governance group meetings to progress alignment of strategic direction – mayoral forum, TAMI board sessions, Te Roopu Taiao meetings, CEG civil defence forums, neighbouring councils
	   o proactive steps taken at the start of each local government triennium to re-establish trust and relationships with community, iwi and stakeholders
	   o relationship management between mayor/elected members, mayor/chief executive, executive leadership team/key staff
	   o monitor media and provide information to staff, iwi, stakeholders and community including managing relationships with media outlets
	   o monitoring of macro trends/broader environment

	• understanding Council's Treaty obligations
	    o regular communications and partnering approach
	    o Charter of Understanding
	    o Partnership Agreement
	    o identify and address gaps in organisational cultural and diversity awareness
	    o grow staff understanding of tikanga, cultural capability and capacity
	• effective communication and engagement with community
	    o support community boards including greater visibility and connection to Council and community
	    o representation review to ensure communities in the District are fairly and effectively represented
	• effective organisational relationship management
	    o comprehensive induction programme provided for new elected members which highlights the respective roles of management and governance.
	    o regular Council briefings for sharing of information and alignment of thinking.
	    o regular meetings held between governance, management and staff to ensure continued constructive communication and internal relationship management.			

POST TREATMENT	**Consequence:**	Major	**Likelihood:**	Possible
THRESHOLD	**High**			

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

Southland District Council　　PO Box 903　　📞 0800 732 732
Te Rohe Pōtae o Murihiku　　15 Forth Street　　@ sdc@southlanddc.govt.nz
　　　　　　　　　　　　　　Invercargill 9840　　🏠 southlanddc.govt.nz

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

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

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

SOUTHLAND DISTRICT COUNCIL

Health and safety update

Record no: R/24/8/53785
Author: David McCone, Organisational health and safety manager
Approved by: Hartley Hare, Strategic manager transport/Acting GM 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 31 May 2024 – 24 August 2024. This report is on operational (employee) health and safety within Council focused on critical risk and associated controls.

3   The event summary provides the measurement of incident reporting to our health and safety system. There have been no injury incidents during the current period.

4   Health and safety training is directed at progressing our staff and contractor capacity.

5   Our commitment to contractor health and safety monitoring is continuing to improve. Through our programme of audits, safety observations and associated learnings we are demonstrating to others what we expect and ensuring credible relationships across stakeholders.

6   Review of risks is focused according to the likelihood of exposure. Recognising the trend of the top three critical risks encountered for the period ensuring effective mitigation.

7   There are many ways to keep current on health and safety matters:

8   Subscribing to the Worksafe updates is an easy way to remain up to date. The link is: https://worksafe.govt.nz/home/subscriptions

9   Institute of Directors New Zealand have released an updated good practice guide: iod.org.nz/health-and-safety-a-good-practice-guide

Wellbeing information provided by the people and culture team

10 Sick leave rates through this period have shown a total lost time average of 3.5% (3.4% same period last year). This figure also includes a number of non-ACC covered surgeries and subsequent staff recovery time. These staff have also been supported to ensure a safe and successful return to work. As part of monitoring our organisations physical wellbeing, ensuring the appropriate use of sick leave supports both employee health and organisation resilience allowing for proactive risk management and maintaining a productive workforce. Flexible work practices are available in most roles to mitigate the risk of spread of flus and colds amongst the rest of the organisation which supports our business continuity risk.

11 Another fundamental aspect of employee wellbeing is encouraging the utilisation of annual leave which offers significant mental, emotional and physical benefits. Managers have worked with staff throughout the year to ensure that they are taking regular breaks. At the end of June 2024, the majority of the organisation had utilised their annual leave entitlement for the year. Leaders

are working with 22% of the organisation who have carried significant leave balances over into this financial year to ensure that plans are agreed to utilise their entitlement. The executive leadership team have oversight of progress in this area.

12   In the next quarter staff will be offered a voluntary health check covering essentials such as blood pressure, BMI, glucose, and cholesterol. Along with access to annual eye sight checks, flu vaccinations and access to work station ergonomic checks these tools support our focus on the physical health of our staff.

13   Telus have released a voluntary free wellbeing assessment that staff can choose to undertake that assesses their lifestyle risks across four wellbeing pillars being social, physical, mental and financial. This confidential digital assessment updates in real-time, providing meaningful data and personalised information on improvement areas. Staff can then track improvements on their overall wellbeing score through their individual portal. Although Telus has promoted this to staff directly, further internal promotion is planned to increase engagement from staff.

14   During August, Telus noted a substantial increase in demand from members throughout Australasia around financial stressors. Financial stress is known to be a key driver in an individual's overall mental wellbeing, so to support people navigating the challenges of the current economic climate they provided a free additional webinar on Financial Wellbeing 101 – understanding the money puzzle.

15   Five staff utilised EAP consulting services through May-July 2024. Of these four related to non work-related issues and one to the provision of professional supervision services.

Recommendation

That the Finance and Assurance Committee:

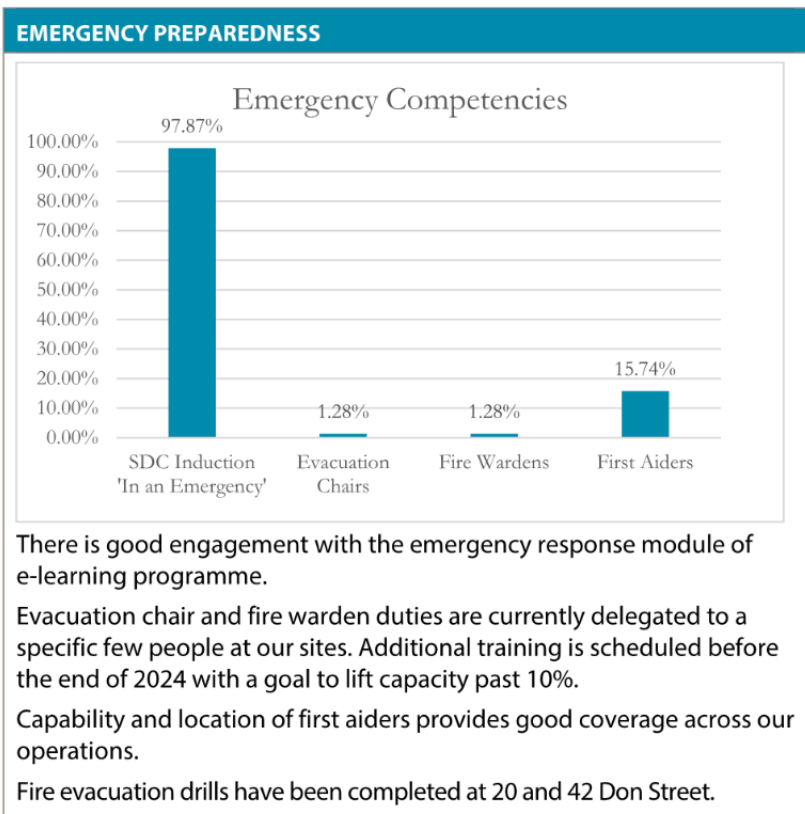**a)**   **Receives the report titled "Health and safety update".**

Attachments

A   Health and safety - 4 September 2024

Health and Safety Dashboard – 31 May 2024 – 23 August 2024

EVENT SUMMARY				
	Current period	YTD	Currently active	Resolved this period
Notifiable events	0	0	0	0
Total injuries	0	9	0	2
LTI	0	1	0	0
Medical treatment	0	1	0	0
First aid	0	2	0	2
No treatment	0	5	0	0
Property damage	2	2	2	0
Environmental	0	0	0	0
Near miss	6	15	4	6
Pain and discomfort	1	2	0	1

TOP THREE TYPES OF INJURY - YTD	
1	Slips/trips
2	Open wound/cut
3	Bruising – hit by object

EMERGENCY PREPAREDNESS

Emergency Competencies

There is good engagement with the emergency response module of e-learning programme.

Evacuation chair and fire warden duties are currently delegated to a specific few people at our sites. Additional training is scheduled before the end of 2024 with a goal to lift capacity past 10%.

Capability and location of first aiders provides good coverage across our operations.

Fire evacuation drills have been completed at 20 and 42 Don Street.

MANAGING RISK

Critical risks encountered this period

1 **Personal harm (aggressive/threatening people)**

During this quarter our worker group has reported incidents of:

- not being allowed to leave a meeting including hands on by the resident.
- subjected to comments, potentially meant as a poor joke, regarding how to dispose of bodies on rural properties.

Learning(s)/outcome:

- a change in our risk perceptions and assessments done prior to visiting sites.
- a wider adoption of body cam use.
- a review and improvement to our capability to alert staff post incident of potential risks from these interactions.

2 **Psychosocial harm**

We received reporting within the worker group of sensing a cumulative impact of workload and negative feedback in interactions/meetings for year to date.

Learning(s)/outcome:

- managers have engaged with staff in these work areas to redesign work for better wellbeing
- opportunities to 'hot wash' or debrief after difficult encounters are being offered
- a positive sign of organisational and worker maturity to receive reporting and observe the response.

3 **Biological/hazardous substances**

The review of our asbestos registers and management plan forms a significant portion of current work and will ensure we maintain all duties associated to the Health and safety at work (Asbestos) Regulations 2016.

Project delivery has been able to offer some additional resources to support community facilities - meaning an updated survey of 33 buildings/ structures this period. All asbestos containing materials observed to date have been assessed as non-friable, with no visible damage and not readily accessible = low risk requiring no immediate action.

Completion of this exercise is road mapped through to the first quarter of 2025.

4 **Overhead services**

Contractor completing high shoulder flanking reported an excavator struck overhead services – power lines – during this scope of work.

The site was well managed post incident to ensure no further risk and reinstatement affected.

Learnings:

Workers hadn't recognised work was different due to changes in worksite. As a result safety equipment 'bunting' hadn't been installed as would be expected by this contractor.

VERIFICATION AND ASSURANCE

Audit type	Occurred this period	YTD
External	8	45
Internal	1	13
Building control	0	12
Playground and reserves	12	12
Water and waste	12	26

Two external audits required actions, during the inspections, by our contractors to fully comply with current TTM requirements.

One of the water audits noted a failure to properly secure a gate and an emergency response procedure didn't have curent contact details. These have been escalated with the contractor to correct with a high priority.

Safety observation type	Occurred this period	YTD
Safe practice	13	67
Unsafe conditions	6	12
Unsafe practices	2	5
Suggestions	0	3

The unsafe conditions and practices mean work or activities are manifesting as exposure to a risk. All were addressed at the time by requesting contractors to apply best practice guides or revisiting their safety plans. This is a good indicator of a positive safety culture within our staff.

AUDIT

The deep dive for this quarter involved waste services – with a focus on critical risks and mapping where our shared responsibilities exist.

Recycling

In respect of recycling we are briefed by contracted parties regarding health and safety performance across all activities – but as a PCBU our responsibilities are primarily associated to collection with our district.

Activities in this area are handled well overall – with some ongoing consideration of site design identified where we had overhead services close by – see pictures below.

Health and Safety Dashboard – 31 May 2024 – 23 August 2024

Solid waste

There was strong engagement from our contract providers in this area. They complete and provide internal verification as well as reporting to monthly meetings with the Wastenet groups.
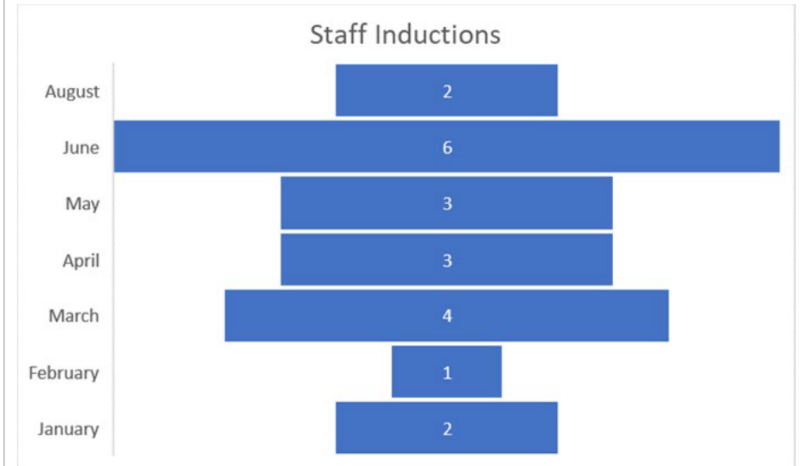
Three transfer stations were visited with no significant issues noted, and reality was as per the contractor's reporting.

A site tour and insight into the operations at the Southern Regional landfill was completed. Traffic management systems, waste receipt and control, and end of day 'cover' of waste practices were of a very high standard.

ENGAGEMENT AND PARTICIPATION

Health and safety representation is 1:16 workers which exceeds regulatory requirements (1:19).

Staff Inductions

Month	Count
August	2
June	6
May	3
April	3
March	4
February	1
January	2

New starters continue to complete both the online induction modules and attend an in person session with the Health and Safety team. These are completed over the first month of employment.

Engagement & Participation
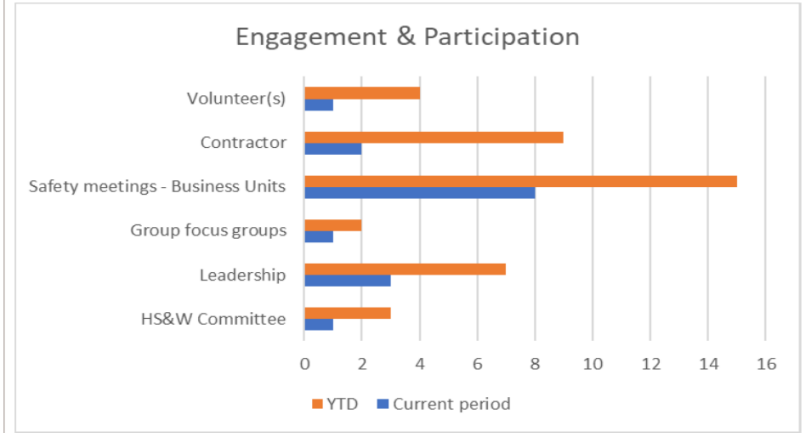
Multiple health and safety meetings are occurring with stakeholders from each level of the organisation as charted above on an ongoing basis.

Business unit meetings have a regular health and safety item on their agenda, as does the weekly leadership team.

The leadership team also receive a monthly update from the health and safety team. System escalation processes have been reviewed and work is underway to build a" real time" dashboard to event and risk information to ensure visibility and oversight from officers.

WORKER AND CONTRACTOR KNOWLEDGE

As part of our commitment to ensuring that our people (staff and contractors) receive essential health, safety and wellbeing training. During this reporting period:

- seven staff attended a workshop regarding the introduction of the New Zealand temporary traffic management guide. This will bring change for several contractors and community groups given its focus on risk management
- three contractor knowledge sessions are planned for September with approximately 108 registrations to date
- eleven staff completed conflict de-escalation training in August with a focus on those in customer facing roles.

Telus - all staff webinars were held on the following topics:

- June - Eco-anxiety: How to cope when the future looks bleak
- July - Courage to change: Guidance for substance use
- August - Practicing self-compassion and Financial Wellbeing 101 – understanding the money puzzle.

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

Record no: R/24/8/54112
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.

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.

4   Included in this report, as usual, is also 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.

5   We are now processing the majority of resource consents in-house rather than utilising contractors. This is reflective of the embedding of the training and system improvements to date.

6   Preparation is underway for the upcoming IANZ Audit in February 2025. The building team were required to complete a strategic management review in August as part of accreditation, which staff provided the technical oversight for. In lieu of being able to find a permanent quality lead, building have engaged a contractor part time to assist the team until the February IANZ audit.

7   Three actions No 27, 26 and 32 have had new systems and reports developed and equipment purchased, so are now complete. These are outlined in attachment A.

8   It is proposed to close three actions. These are in relation to regional partners – common systems and processes, regional bylaws stocktake and regional partners – warrant officers. Due to differences in each Councils bylaws and processes, the overall aim to have consistency across Councils is not possible at this time. However, a great deal of work has been and is being undertaken to get relevant Councils together for training opportunities, working on significant

issues relevant to the sector and general discussions on how we can better work together. It is therefore proposed to close these action items.

9   Changes to completion dates are requested for three further action items, to address changes in personnel, discussions to occur with the new group manager and further identification of the work to be undertaken on property records is complete.

10   In this meeting we will get an update from Adrian Humphries, group manager regulatory services, as well as Scott Belesky, building control team lead on the industry meetings and events held.

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)   **notes that the following items have been completed in the last quarter:**

Item No:	Action
27	**Process Improvement – compliance Issue follow ups. Fully in place with reported KPI's ensuring tracking and escalations (if required) are completed across the ES Groups, including new legal and compliance group. Work has also been completed to ensure customer facing online information matches to the processes.**
26	**Quality based system. Various QA based options are in place to meet accreditation requirements. The longer-term prospect would be for SDC to decide on a formal QA system such as ISO 17020 (Inspection Body Accreditation Program) across all relevant departments.**
32	**Technology to improve efficiency and safety. Staff and leaders have defined requirements and where necessary have purchased additional gear e.g. PPE.**

e)   **Agrees to close the following actions**

Action No	Action
9	**Regional partners – common systems & processes. Southern Cluster, Health Protect, and inter council opportunities such as compliance training day held recently by SDC support this opportunity and will be ongoing.**
10	**Regional bylaws stocktake. Staff will continue to discuss and work with other Councils in this area as appropriate**
11	**Regional partners – warrant officers. A special interest group (SIG) of compliance personnel from ES, ICC, Gore DC and SDC has been setup. The inaugural meeting was held on 30 July to discuss how the councils can work better together and assist each other. This will be ongoing.**

f) **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
35	**Customer service training. Pilot completed May 24. Session 1 completed, however due to a staff movement, training has been delayed until a replacement can be found.**	**July 24**	**Dec 24**
15	**Items a) and b) are in progress with discussions occurring now that the GM Strategy and partnerships is on board**	**September 24**	**Dec 24**
30	**Property information stored in single location. This is ongoing with the next phase of record identification and planning underway. One completed the size of the work can be identified and further information provided to the committee around completion dates.**	**June 30**	**Dec 24**

Background

11   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.

12   The review considered the current operating environment, rules and legislation. It also considered external factors including reforms and potential legislation changes, skills shortages, and geography.

13   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 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. e.g. "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

Consolidated action plan (attachment A)

14 Three actions No 27, 26 and 32 have had new systems and reports developed and equipment purchased, so are now complete. These are outlined in attachment A.

15 It is proposed to close three actions. These are in relation to regional partners – common systems and processes, regional bylaws stocktake and regional partners – warrant officers. Due to differences in each Councils bylaws and processes, the overall aim to have consistency across Councils is not possible at this time. However, a great deal of work has been and is being undertaken to get relevant Councils together for training opportunities, working on significant issues relevant to the sector and general discussions on how we can better work together. It is therefore proposed to close these action items.

16 Changes to completion dates are requested for three further action items, to address changes in personnel, discussions to occur with the new group manager and further identification of the work to be undertaken on property records is complete.

Risk register (attachment B)

17   The risk register was updated in July 24 by the steering group as a result of feedback received from Committee meetings and industry.

Outcome measurement and reporting table (attachment C)

18   The outcome measurement and reporting table indicates that there are two items improving and two items stable. At June's Finance and Assurance Committee meeting it was noted that this business improvement plan would remain open until both the end of 2024 customer survey had been completed, as well the annual audit from IANZ is completed. Results will be ready by February 2025.

19   Completed items in this report and going forward, will be removed from the larger report once agreed to by committee.

Factors to consider
Legal and statutory requirements

20   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

21   The teams continue to work hard to improve the customer experience with continued effort in engagement with industry, availability to staff and improvements to the website to name a few.

22   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

23   Costs associated with delivering the plan have been incorporated into the 2024/2025 budgets.

Policy implications

24   There are no policy implications.

Analysis

25   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.

26   The last recommended date for action completion is December 2024.

Analysis of Options

Option 1 – Approve recommended date changes

Advantages	Disadvantages
• To enable further analysis and work to be undertaken to complete the action to a high standard. • Enables prioritisation of work to be completed.	• Actions will take longer than anticipated, possibly impacting customer experience.

Option 2 – Decline recommended date changes

Advantages	Disadvantages
• Any work done will most likely require major improvements to be actioned later. • The actions will be undertaken potentially improving the customer experience earlier.	• Extra resourcing will be required to a lesser /greater degree to undertake the actions rather than utilising existing resources resulting in a higher cost. • Prioritisation of works may not occur to the degree that ensures highest risk/benefit completed first.

Assessment of significance

27   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

28   Approve recommended date changes.

Next steps

29   Continue to undertake the work required.

Attachments

A   Finance Assurance Mtg - BIP Consolidated Action Plan (17A review)
B   ES-BIP-Risk Register - Updated 300724.docx
C   ES- BIP Outcome Measurement and Reporting August 2024

Attachment A: Environmental Services Business Improvement Plan consolidated action plan 17a

Priority	Opportunity Heading	Sub Actions	Action — Some actions now split into 'sub actions' to show different activities	UPDATE as at 27/08/24	When by	Method of measurement	Frequency	Progress indicator (traffic light) green = complete, orange = in progress, grey = not required			
								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. Any description in blue is new. Sorted into priority order Priority 1 (green) Priority 2 (amber) Priority 3 (grey), based on importance to customer and legislation											
35	Customer Service Training	35	Source appropriate customer services training and implement based on identified needs. E.g. to improve balance between compliance and customer service.	The Customer and Delivery Manager has taken the lead on the development and delivery of the customer service training. This is being written now (Mar 24) and will be based on both the needs of the customer and the needs and skills of the staff. Pilot completed 14/05/24, and results shared with ELT and roll out across Environmental Services commenced. Phase one of training completed, however Customer Delivery Manager has left the organisation. Need to reset and bring onboard another trainer.	Pilot by May 24 Training completed by Jul 24 **Dec 2024**	Customer satisfaction survey	Ongoing	EP	BS	EH	LC
27	Process Improvement -Compliance Issue follow-ups	27	Implement clear process to capture follow ups to compliance issues. Monitor follow up actions to ensure	Compliance issues are captured in the Pathway system and a report has been produced and including what corrective action is required. This is tracked through to completion and is reported on in team KPI's, ensuring tracking and follow-up.	**29/3/24**	Audit	Annually	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Actions	Action Some actions now split into 'sub actions' to show different activities	UPDATE as at 27/08/24	When by	Method of measurement	Frequency	Progress indicator (traffic light) green = complete orange = in progress grey = not required			
								EP	BS	EH	LC
			they are completed. Training programme as required. **COMPLETE**	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. New processes have been documented in Legal and Compliance as well. This will inform their customer facing online information and will likely be supported and linked to the Enforcement Policy 2024 Implementation of Case Files is being worked through to link to RFS's Enforcement and Abatement	**30/06/24**			green	green	green	green
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 within Building Solutions. 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. We are now planning to quantify the location of the remainder of property records across the teams and develop a plan to address. An update on this plan, timing and resourcing will be given at the December meeting.	**30/6/24** **Dec 24**		N/a	EP	BS	EH	LC
15	Customer Relationship Partner	15a	Investigate pros and cons of introducing a customer	This new role now exists and was created as part of the realignment of the leadership team in October last year. It reports to the GM Strategy and Partnerships and sits in this group.	**30/9/24**		N/A	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Actions	Action — Some actions now split into 'sub actions' to show different activities	UPDATE as at 27/08/24	When by	Method of measurement	Frequency	Progress indicator (traffic light) green = complete orange = in progress grey = not required			
								EP	BS	EH	LC
	& Improving handling of customer requests		relationship partner/ co-ordinator rather than using technical resources. This role could also support internal planners for increased efficiency.	The purpose of this role is to be a liaison/conduit for those customers (personal not businesses) who need to deal with multiple areas of council on an issue – to facilitate their experience positively to work through complex requests e.g. an example of this might be someone wanting to build a windfarm. Now that the position of GM Strategy and Partnerships has been filled, discussions are ongoing in relation to the requirements incorporating the improvements undertaken to date.	Dec 24						
		15b	Improve processes around handling customer requests that involve multiple parts of Council, with clear communication around what is expected of the customer and Council.	This is related to 15a conceptually - A review of processes will be undertaken starting with RFS (request for service) should this role proceed. Will need to work with Delivery Team to identify where inter council support is required and work through potential improvements. As per above 15a update if progressed.	30/9/24 Dec 24			EP	BS	EH	LC
26	Quality based system	26	Continuing the path of implementing a quality-based system for building control and health, using a modern	A quality-based approach is in place within Building Solutions. Further to this, Health is using 'Continuous improvement' templates, approaches, and associated improvements across their team though this is not a formal Quality Based system, however they do utilise the MPI system.	30/9/24	System designed Quality based system in place for	Annually	EP	BS	EH	LC

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			approach to quality to improve processes for efficiency and consistency. COMPLETE	Longer term Southland District Council can decide if they wish to implement a formal Quality Assurance system such as ISO 17020 (Inspection Body Accreditation Program) across all relevant departments and seek accreditation. The lead and sponsor for this would be the Chief Executive.		Health & Building					
32	Technology to improve efficiency and safety	32	Assess whether field-based devices are fit for purpose. Introduce any improvements. COMPLETE	Discussion with staff has showed that the current technology works reasonably well by utilising various devices, though battery life (photographs) and coverage can sometimes cause issues. Further interviews have been conducted with staff to provide a better assessment of current equipment ready for a full review that will be conducted by the Legal & Compliance team. Adrian to continue reviewing as technology evolves. L&C have completed interviews with staff and additional PPE has been purchased.	26/4/24 30/07/24	Paper to ELT if required	N/A	EP	BS	EH	LC
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.	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.	31/5/24 Ongoing		N/A	EP	BS	EH	LC

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			COMPLETE	Providing opportunities to cross functionally support each other. E.g. Compliance Training Day planned for 16/08/24. As of 30 July, there were 27 people registered to attend.							
10	Regional Bylaws	10	Do a stocktake of regional bylaws to assess level of differentiation. COMPLETE	Approach will be to agree partners to form a small team to assess the level of differentiation. In considering the cost/benefit of conducting a general stocktake of regional bylaws compared to addressing issues as they arise through increased cooperation and collaboration with local authority neighbours, the preferred approach is to, where issues offer a significant advantage to customers or organisations or reach sufficient importance, items be added to the proposed work programme of the Strategy and Policy Team and prioritised for action by ELT.	31/5/24 03/07/24		N/A	EP	BS	EH	LC
11	Regional Partners - Warrant Officers	11	Do a stocktake of warranted officers across the region. COMPLETE	Legislation allows a cross regional approach. Officers would be required to be warranted in those areas. Adrian and colleagues have setup a special interest group (SIG) of compliance personnel from ES, ICC, Gore DC and SDC. Inaugural meeting held on 30 July 24 to discuss how we can work better together and assist each other. The forum will also strive to achieve consistency of approach and share information through a single point.	31/5/24 30/07/24		N/A	EP	BS	EH	LC

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12			Identify any further opportunities to take a regional approach.	As per item 9 and 11 as examples	**Ongoing**	Regional opportunities					

COMPLETED ACTIONS											
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
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.	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	20/9/23 Complete 16/2/24 June 24 For audit	Customer survey Technical audit	Annual Quarterly	EP	BS	EH	LC

Priority	Opportunity Heading	Sub Actions	Action / Some actions now split into 'sub actions' to show different activities	UPDATE as at 27/08/24	When by	Method of measurement	Frequency	EP	BS	EH	LC
			COMPLETE	consistent approaches to risk. The first audit will be conducted during the month of June 2024.					■		
		2b	<u>Customer Survey results</u> have been reviewed – Feb 24 Plus <u>Technical Audit plan</u> **COMPLETE**	<u>Planning:</u> - 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	<u>Customer Survey results</u> have been reviewed – Feb 24 Plus <u>Technical Audit plan</u> **COMPLETE**	<u>Health:</u> 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 <u>Technical Audit plan</u> is now in place as per 2a. **COMPLETE**	<u>Legal and Compliance:</u> A risk-based approach has been included as part of the set-up of the new group.				EP	BS	EH	LC
3	Customer Service Metrics	3a	Identify meaningful customer service metrics. Step 1 - Seek feedback on customer experience of the process.	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	~~31/9/23~~ 1/3/24 Survey complete - Dec 23 then annual	Customer satisfaction survey Complaints and commendations	Annual Monthly	EP	BS	EH	LC

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								EP	BS	EH	LC
			COMPLETE	customers informed of any new or potential delays. Action on this is underway. Survey completes in Nov 23, results in Dec 23 Next survey will be Dec 24 and will include Legal and Compliance				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
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	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	1/2/24	Customer survey Audit	Annual Quarterly	EP	BS	EH	LC

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			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.	whether a panel could provide the economies of scale to support specialised requests.							
		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
5	Contractual Arrangements -Regional Opportunities	5	Explore potential for either joint procurement of individual contracts, or joint contracts with other Councils.	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.	31/5/24	Contract register	N/A	EP	BS	EH	LC

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								EP	BS	EH	LC
			COMPLETE	Action is partially complete, and the team will continue checking with other Councils.							
6	Risk Based Approach Double checking applications	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. Planning: Have new external contractor planners on board. Training and support are 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. Building – 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
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

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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
13	Professional Development	13	Develop a professional development programme for graduate planners. **COMPLETE**	A programme and training approach is now introduced. Each Planner has a competency record and upon successful completion of a specified number of different types of consents, they are signed off as being competent for each type. Not only does this provide required competency levels but also provides consistency, recognition of skill and a career path.	31/8/23 29/2/24	Programme in place	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
16	Contractual Arrangements	16a	Identify opportunities to use more external	Other Councils in the district, and SDC, work together to provide back-up as required.	31/11/23	Paper to ELT	N/A	EP	BS	EH	LC

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			resources for processing consent applications. **COMPLETE**	There is a regular meeting between managers from each of the Councils.	15/12/23						
		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
17	Administrative Support to free up technical resources	17	Investigate and implement strategies for administrative support for the team to complete administrative tasks and free up technical resources for technical tasks. **COMPLETE**	It has been assessed that no further administration support is required in Health, Building, Planning and at this point in Legal and Compliance. A strategy and approach were designed for teams to identify and progress requests for administrative support. This will be based on the identification of what parts of technical roles could be separated out as admin only and how this could be applied across all Environmental Services technical roles ongoing. The focus now is also on identifying customer questions that could be answered by Customer Support, or via improved online information, thereby freeing up time for technical people.	24/4/24	Support in place	N/A	EP	BS	EH	LC

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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 have 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
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' has been created for each team and confirmed. L&C is still forming as a group and are aware of what is required. The data from these lists 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	24/4/24	Communication Plan Customer friendly website Reduction in # of RFS & RFI		EP	BS	EH	LC

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			COMPLETE.	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.							
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.		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. COMPLETE	Business owners have been 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 auditing tool and business analytics to help with ensuring content is current and correct.	12/4/24	Up to date website		EP	BS	EH	LC
		20c	Continue to test website layout to ensure that information can be	Background data on customer searches will provide insights into usage. A plan is in place to continually test the website, owned by Communications.	12/4/24	Up to date website		EP	BS	EH	LC

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			found in intuitive locations. **COMPLETE**	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 improved linkages between content.		Test Plan in place Benchmark audit completed					
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. Steering committee satisfied with detail.	Item 21 is no longer a Resource management (RMA) change from the 100-Day Action Plan implemented by the Central government. *Item 21: District Plan Readiness—Ensure satisfaction with the protections and permissions in the District Plan before the first regional plan. Communication, change, education.* Independent of central government changes, the SDC environmental policy team has been working on improving the readiness of the district plan and enhancing communication, change, and education within our communities. Some major achievements during 2024 are: • Implementation of an electronic version of the District Plan (ePlan) • Increase the hours committed to the regulatory engagement process under RMA. • Appointment of a dedicated staff to work on the creation of a Strategy for	02/05/24			EP	BS	EH	LC

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		COMPLETE		communication and engagement, in addition to monitoring and reporting to the Ministry of the Environment.							
22	Process Improvement - RFS system review One # per request	22a	Review whether RFS system is 'fit for purpose' and introduce agreed improvement **COMPLETE**	The Request for Service (RFS) approach is part of the Council Pathway system. The RFS system has the functionality to support/ link similar requests. For example, a report of vermin in a roadside berm is reported. The RFS is assigned to both Health and Roading. The RFS system has been deemed 'fit for purpose' and Planning are now using it. Legal and Compliance will utilise the RFS system.	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**	Some automated workflow processes exist and otherwise the Pathway system allows for assigning applications to multiple departments and joining up similar requests. Note that, as part of #15 – the use of alternatively using a Customer Relationship Partner, will be evaluated.	21/3/24	One number per request	Annually	EP	BS	EH	LC
23	Online Information Available Simple Guides & Fact Sheets	23	Develop simple guides and fact sheets that explain the process for common	Building 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	June 24	Simple guides Customer Survey	Annually	EP	BS	EH	LC

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			activities/questions e.g. "How do I…".	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 Home Shows and Field Days Health has completed their 'Hairdressing' and 'Food' information. 'Alcohol' and 'Health' were completed in 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. Planning have researched the most required information for the industry by reviewing the last 6mths of RFS data and checking if online content is available. Website to be updated shortly with new links to information. Legal and Compliance new team is documenting processes with Promapp, creating information for website and continuing with developing the team.							
			COMPLETE								
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

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25	People Wellbeing	25	Instigate monthly in-person catch ups with remote and field-based staff to promote team culture. **COMPLETE**	There are eight regulatory staff in the district, working out of Te Anau. Regular weekly visits are rostered between team leaders from Building Solutions and the Environmental Health manager Legal and Compliance will take these requirements into account if required	Ongoing 7/3/24	Regular catch ups Internal Staff Survey	N/A	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**	Tracking of customer queries and phone calls had been inconsistent and incomplete in Planning. It has been agreed that the RFS system will be the system for managing customer requests for service as it is widely used. It can be monitored and reported on. Planning have now been trained on how and when to use RFS and are using this approach.	30/11/23 15/12/23	Stocktake Customer satisfaction survey	Annually	EP	BS	EH	LC
31	SDC Quality Manual	31	1.Replace the joint Quality Manual with an SDC Quality Manual	1. Quality Manual is complete. IANZ assessment and agreement is complete.	30/9/23	Manual is completed	N/A	EP	BS	EH	LC

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			that simplifies SDC procedures. 2. Reinforce SDC's commitment to building relationships with the regional TAs in other areas. **COMPLETE**	2. There are quarterly meetings set up across the regional TA's.							
33	Staff wellbeing Route-Planning	33	Develop a system to ensure route-planning of inspections, particularly in remote locations is efficient. **COMPLETE**	Training on effective use of the system and protections to stop human involvement making this system less effective is in place. Teams also use a Google Maps scheduler system and also find that Google Maps works well.	~~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. **COMPLETE**	To date this is primarily photo inspections taking relative risks into account where appropriate. Some LC staff have been trained in using Drones. Discussions with other councils as to what they do currently have been completed. Most recent discussion with One NZ indicates they will be able to provide country wide access by end of 2025.	**30/9/24**	Remote inspections using tech	Ongoing	EP	BS	EH	LC
36	Engagement with Customers	36	Increase communication with Industry. To build trust, signal	This has primarily been done by growing the building team's newsletter and creating one newsletter for the group to go out regularly to industry. It includes detail about any upcoming	~~30/6/23~~ 29/2/24	Customer satisfaction survey		EP	BS	EH	LC

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			upcoming changes, even if dates and details are not yet announced - e.g. any changes to assessment processes, NPS implementations and approved changes in Council's strategic direction Industry will have questions on these topics that will also need to be addressed. **COMPLETE**	change, any approved change in Council's strategic direction and common issues picked up in applications and how they can be remedied. It also incorporates the information that is provided via the Health 'Industry updates', e.g. Updated Food Control Plans'. The newsletter will be available as an e-newsletter on the SDC website shortly. There are also new activities such as regional drop-ins, Field Days and Home Shows. At the recent Waimumu Field Day, the SDC stand became so busy with Planning questions that the rest of the Planning team was called out to assist. The Team Leader Environment Policy who is responsible for the Resource Management Act (RMA) policy has begun providing updates to the Industry community via the newsletter from Environmental Services.							

Environmental services business Improvement plan – Risk register – July 2024

	Event	Consequences	Impact	Likelihood	Mitigations	Person Responsible	Post Mitigation Likelihood	Update as of 30 July 2024
1	Non-compliance with timeframes specified by RMA/LGA legislation is not seen by customers to improve quickly enough	Council fails 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. **New reporting now showing improved time frames for consents. Now using contractors at a minimum** 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. **Confirmed with Jo Ward that this is reducing** 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 **In place going forward with collaborative industry events**
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	4	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. **Huge effort to bring web information up to date. Resource Consents collateral now being worked through by Comms team.** **Knowledge articles still to be actioned**
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	4	Communications and Engagement Plan is complete and approved by ELT 'Real Time' feedback will be undertaken by Customer Services. **Real Time feedback (Satisfaction Survey) has not commenced as yet.** Collaboration with Industry Partners – **The Building team have as per item 1 have now had 5 focus group sessions with industry professionals. Industry would still prefer direct contact to building should they be onsite.**

	Event	Consequences	Impact	Likelihood	Mitigations	Person Responsible	Post Mitigation Likelihood	Update as of 30 July 2024
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	4	Actions prioritised and temporary resource is focusing on this for March. Re-evaluate end of March **Resourcing is more settled, and as per above comments work is flowing through as hoped.**
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	3	Specialist resource provided significant improvements in Planning department from a systems and people perspective. **Daniel/Johnathan are working well with team.** **Waiting on new Planning Manager before releasing this resource.**
6	Consultant support to process applications is insufficient or inadequate to meet demand	Council fails 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	3	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. **New reports created indicate that majority of work is being turned around inhouse.**
7	Additional spend is required to progress some actions	Budgets are overspent			Savings made through less use of consultants as performance improves	Anne/ Adrian	8	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. **Contactor usage is trending downwards, unsure of impact on budgets.**
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	4	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. **Agreed, only handful of items to be completed on BIP**
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	4	Engagement plan in place. New GM visit teams regularly **Agreed, engagement plan in place, and regular GM involvement with teams.**
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	4	Review actions and relative priorities. Reset plan **BIP findings and mitigations are almost completed.**

Post Mitigation Assessment	June 2023	Sept 2023	Dec 2023	March 2024	June 2024	Sept 2024
Declining	0	0	0	0	0	0
Stable or improving	7	6	6	10	10	2
Moderate						6
On track	0	1	1	0	0	2

Environmental Services Business Improvement Plan - Outcome Measurement and Reporting – August 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 October 23 then annually Both 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 be shown in results such as meeting statutory timeframes. Spot checking of new contractors is in place and an audit is planned for June to provide time for bedding in new approaches. Will 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 June 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 | 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

Finance transactional update as at 30 June 2024

Record No: R/24/5/36779
Author: Shelley Dela Llana, Transactional project lead
Approved by: Anne Robson, Group manager finance and assurance

☐ Decision ☐ Recommendation ☒ Information

Overview

1 This report provides a summary of Council's transactional activities to 30 June 2024, to assist the committee to monitor Council's financial performance and risks associated with debt management. The report details the status of the outstanding balances of each revenue stream and any associated actions.

2 The balance owing for each Council revenue stream as at 30 June 2024 is shown in the table and graph below against prior years. A negative (-) shown in green in the variance column indicates an improvement over the prior year. All figures included in this report are GST inclusive and include any credit balances.

Balance owing by revenue stream (outstanding debt)

| REVENUE STREAM	30 JUNE 2022 ACTUAL		30 JUNE 2023 ACTUAL		30 JUNE 2024 ACTUAL		VARIANCE			
							$		NUMBER (NO.)	
	$	NO.	$	NO.	$	NO.	$	%	NO.	%
Rates	$1,238,707	1,600	$1,325,728	1,505	**$1,538,826**	**1,264**	$213,098	16%	-241	-16%
Metered water	$28,080	15	$25,154	14	**$28,557**	**6**	$3,403	14%	-8	57%
SIESA electricity	$131,699	386	$114,571	362	**$127,403**	**353**	$12,832	11%	-9	-2%
Sundry⁺	$3,015,823	496	$1,185,987	491	**$1,814,758**	**543**	$628,771	53%	52	11%
Total	**$4,414,309**	**3,449**	**$2,651,440**	**2,402**	**$3,509,544**	**$2,114**	**$858,104**	**32%**	**-258**	**-11%**

+ Sundry debt includes building consent, licensing fees, rental etc.

3 The information indicates an increase in debt in all areas over the prior year and a decrease in numbers, except for sundry debt. The graphs below show similar results with all debt treading up. The increase in rate debt is primarily due to the fact that total rates have increased as per the annual plan and, so even though we have less properties with debt, the amount they owe is more. Further analysis of each of these outstanding debt types is included later in the report.
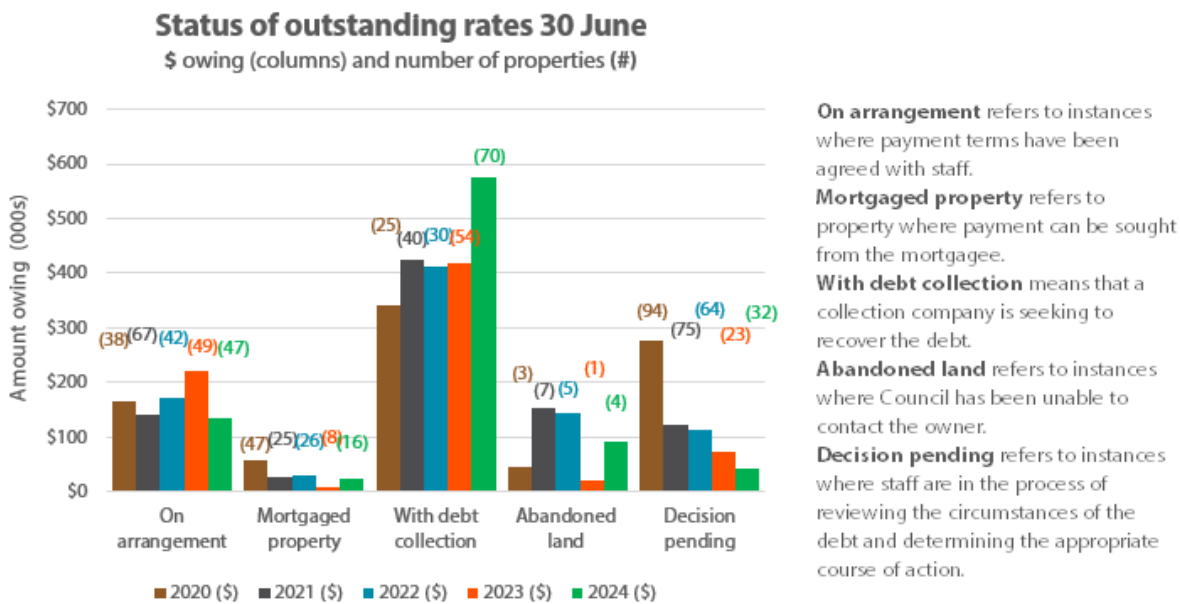
Outstanding debt trend (year ended 30 June)

Average Outstanding debt per property/debtor

	Rates	Water Charges	SIESA Electricity	Sundry
2020	$878	$671	$329	$1,938
2021	$1,109	$1,232	$294	$5,285
2022	$774	$1,872	$341	$6,080
2023	$881	$1,797	$316	$2,415
2024	$1,217	$4,759.50	$361	$3,342
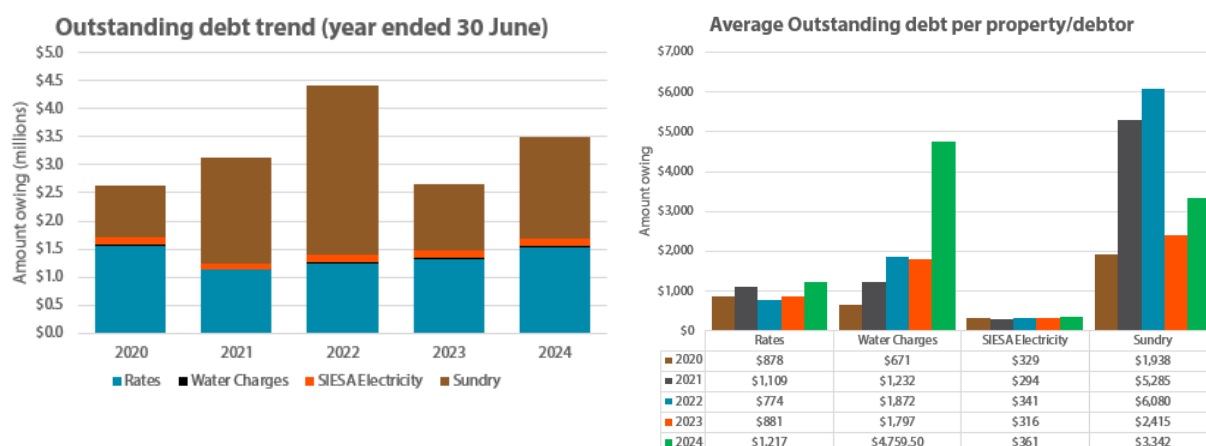
Rates

4   The rates amount owing at 30 June 2024 of $1,538,826 (2023: $1,325,728) is the net amount. The gross amount owing is $2,601,516 (2023: $2,263,886) after adding back revenue received in advance of $1,062,690 (2023: $938,158).
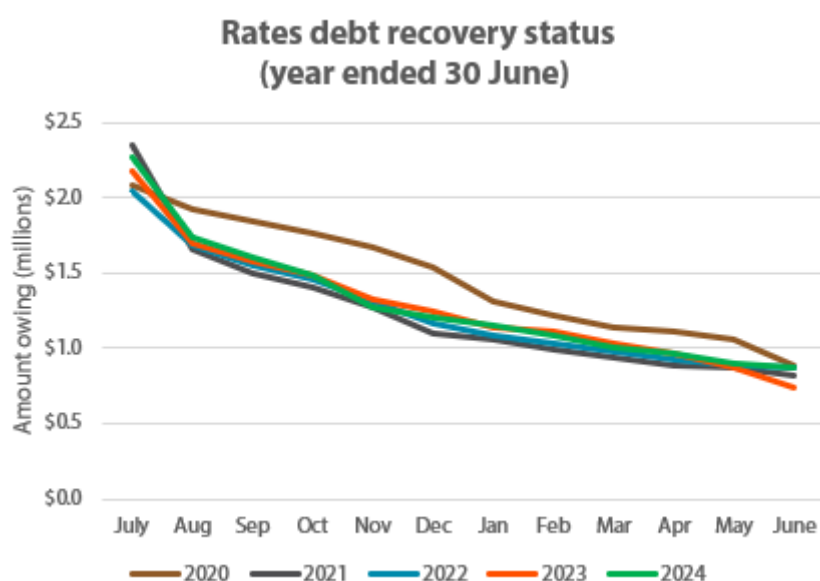
5   Of the $2.6 million rates outstanding, 33% ($868,380) relates to the previous financial year's debt. This is similar to 2023 ($740,052 of $2.26 million) and indicates that current debt is being well managed during the year. The steady decrease leading up to December shows the result of working with banks and mortgage holders prior to banks paying out in those months, with small movements on remaining debt for the remainder of the year.

Status of outstanding rates 30 June
$ owing (columns) and number of properties (#)

On arrangement refers to instances where payment terms have been agreed with staff.
Mortgaged property refers to property where payment can be sought from the mortgagee.
With debt collection means that a collection company is seeking to recover the debt.
Abandoned land refers to instances where Council has been unable to contact the owner.
Decision pending refers to instances where staff are in the process of reviewing the circumstances of the debt and determining the appropriate course of action.

6   The breakdown of the status of rates debt as at 30 June 2024 is shown in the graph above.

7   Arrangements are holding steady with the similar number of assessments this year but a drop in the amount owing from $221,000 to $135,000, showing the result of promptly responding to payment defaults. The average debt for a property on an arrangement is now $2,878 (2023: $4,516), closer to the 2021 level. Staff are continuing to work with ratepayers who are having difficulty paying and have taken the approach of encouraging ratepayers to enter payment arrangements rather than progressing to other methods of debt recovery.

8   There has been an increase in rates debt being managed through debt collection with 41 assessments progressed to collection after all other avenues were unsuccessful this year. Eleven properties are currently going through the rating sale process with another eight in various stages of the legal process as well as four potential abandoned land properties.

9   **Rates rebates:** A rates rebate is a partial government rates subsidy for low income homeowners towards their rates. There has been a 14% increase in the number of properties obtaining the rates rebate this year with staff continuing to promote it and following up with ratepayers about applications (2024: 855, 2023: 753). The maximum rates rebate is now $790 with the threshold for household income rising up to $62,000 and rates to $6,000.

Rebates paid to ratepayers
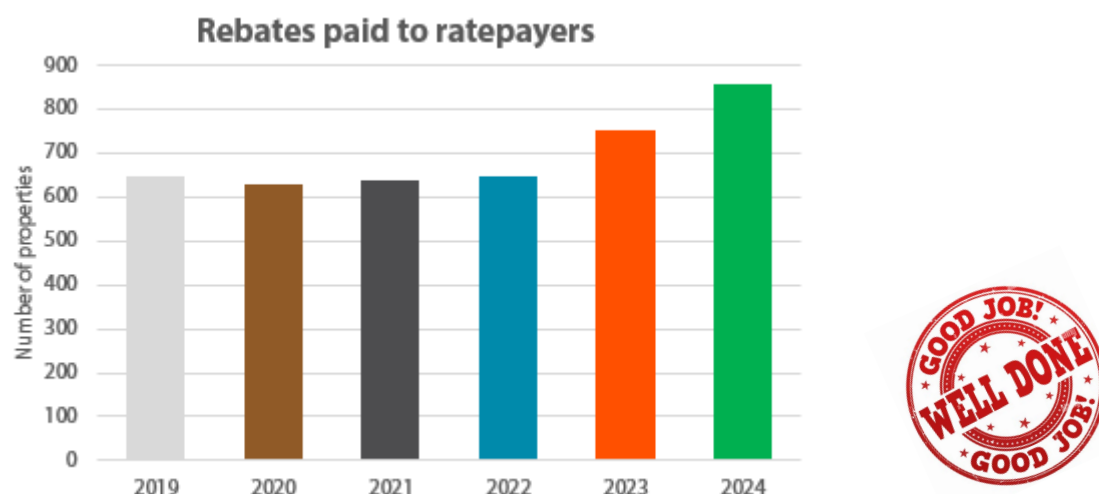
10 **Emailing rates and direct debt:** These are the preferred method for payment and are actively promoted by staff at every chance. This year Council assisted Environment Southland by getting permission from SDC ratepayers to sign up for emailed rate notices from the regional council.

Metered water rates

11 The amount of metered water rates outstanding at the end of the year increased by 14% ($3,403) due mainly to penalties on the arrears. Council has one property currently disputing their invoice through the courts and one other account in debt collection. The other four have since paid. This debt will only continue to rise while the one property continues through the court process.

12 Metered water rates outstanding at 30 June are summarised in the table below.

YEAR ENDED 30 JUNE		CURRENT OUTSTANDING	OLDER DEBT	TOTAL AT YEAR END
2023	Amount outstanding	-$854*	$26,008	$25,154
	Number of debtors	9	5	14
2024	**Amount outstanding**	**-$3,357**	**$31,914**	**$28,557**
	Number of debtors	**0**	**6**	**6**

* The debt also includes $3,749 of credit balances.

Electricity charges (SIESA)

13 SIESA shows an 11% increase in total debt ($10,132) compared to the prior year. This is mainly due to the amount invoiced in June this year being comparably higher to the amount invoiced in June 2023. Older outstanding debt has increased in value but not the number and all have paid with the exception of one consumer whom we regularly follow-up with for payment. Staff are following policy and chasing debt when invoices get older than 60 days which is proving to be an effective way to keep on top of payments. No disconnections have been required in the last financial year.

14 Electricity charges outstanding at 30 June are summarised in the table below.

YEAR ENDED 30 JUNE		JUNE-CURRENT	MAY	APRIL	OLDER THAN 60 DAYS	TOTAL AT YEAR END
2023	Amount outstanding	$102,240	$9,466	$2,463	$402	$114,571
	Number of debtors	305	44	10	3	362
2024	**Amount outstanding**	**$110,410**	**$12,170**	**$2,971**	**$1,850**	**127,403**
	Number of debtors	**304**	**38**	**8**	**3**	**353**

Sundry debt

15   Sundry debt includes debt owing for other invoiced income including consent fees, licensing fees, leases/rents etc. While sundry debt is significantly higher than the prior year, there is one large invoice in June for a million dollars without this the totals would be lower but there is more older debt this year being progressed through the debt collection process.

16   Of the older 68 debtors, 18 have since paid and two cases are going through the legal process. There are ten long-term arrangements and the remaining are with debt collection or being disputed and likely heading to debt collection.

17   Outstanding sundry debt balances at 30 June are summarised in the table below.

YEAR ENDED 30 JUNE		JUNE-CURRENT	MAY	APRIL	MARCH	FEB	JAN AND EARLIER	TOTAL
2023	Amount outstanding	$896,404*	$103,395	$61,278	$46,613	$2,775	$75,523	$1,185,987
	Number of debtors	274	94	39	31	13	40	491
2024	**Amount outstanding**	**$1,445,395***	**$119,307**	**$47,062**	**$28,987**	**$45,654**	**$128,353**	**$1,814,758**
	Number of debtors	**252**	**124**	**54**	**33**	**12**	**68**	**543**

* The debt also includes $44,377 (2023: $36,322) of credit balances.

Creditors

The graph below shows payments to creditors throughout the year. There has been consistently higher monthly payments this year compared to last year with $20,000,000 more in spending which is closer to the total spend in 2021 and 2022 (excludes overseas payments).

Creditor Payments (year ended 30 June)
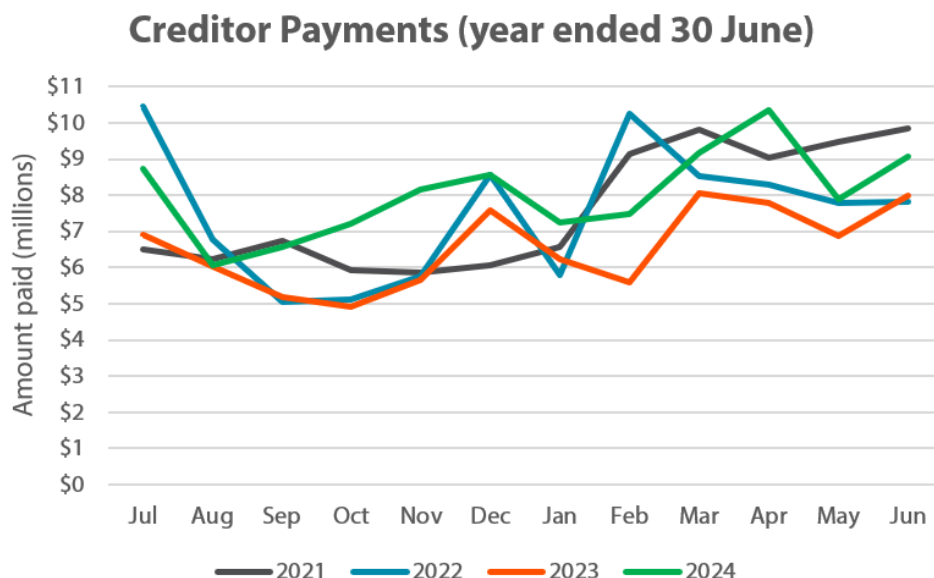
Team summary

18 The following provides an update on other transactional team initiatives and issues:

- no staff changes this year as we were able to retain a fixed term to cover maternity leave which has meant we have been able to retain their skills and expertise. This allowed time for some project work including promoting emailing as well as undertaking checks to ensure the rating database is correct and up to date with a specific focus on contiguous properties this year

- continued focus on following up rates rebate applications resulting in an additional 100 rebates being received

- debt has remained a focus during the year with more of the team getting involved. This will continue into 2024/2025 with two team members now running debt collection and arrangements which will allow the team leader to focus on liaison with debt collection and ensure timely action on all properties with the aim of resolving issues in a timely fashion

- two different staff attended the Local Government Rating Forum this year, this is a great opportunity to meet other rating staff and discuss common issues and hear about key initiatives across the sector

- an extra promotion around payments was carried out with emailed customers This was an email to those that hadn't paid on the due date but before penalties were applied to encourage payment before penalties were applied and got a great response. The team are also using the Antenno app for payment reminders

- customer services and the rates team continue to work together well to undertake email registering, direct debits and most of the rebate work except for the months they are busy with dogs. This has allowed the transactional team to have more time to work on other issues.

Recommendation

That the Finance and Assurance Committee:

a)   **receives the report titled "Finance transactional update as at 30 June 2024" dated 29 August 2024.**

Attachments

There are no attachments for this report.

Balanced Funds Investment Review

Record no: R/24/8/53380
Author: Anne Robson, Group manager finance and assurance
Approved by: Cameron McIntosh, Chief executive

☒ Decision   ☐ Recommendation   ☐ Information

Purpose

1   To provide the Committee with information on the Milford Asset Management and Westpac (BT Funds Management) balanced funds and seek approval to invest the first quarterly instalment for the 2024/2025 financial year.

Executive summary

2   In May 2023 Council decided to invest its unrestricted reserves evenly in Councils fund managers, Milford and Westpac (BTFM) over a period of 24 months in quarterly instalments with a review of market conditions by the Council prior to each instalment.

3   Before investing each instalment, Council wanted staff to prepare a report outlining the market conditions at the time.

4   To date four instalments haves been made, making a total of $20 million invested in Westpac and Milford.

5   The total value of the investment is now $20,600,595.

6   Attached is a copy of the latest market reports from each provider for the Committees review and consideration.

Recommendation

That the Finance and Assurance Committee:

a)   **receives the report titled "Balanced Funds Investment 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)   **Receives the investment and monthly transactional reports from Westpac (BTFM) and Milford Asset Management as attached**

e)   **Requests staff invest $5million evenly between Councils Balanced Investment funds at Milford Asset Management and Westpac (BTFM).**

Background

7   In May 2023 Council decided to invest its unrestricted reserves evenly in Councils fund managers, Milford and Westpac (BTFM) over a period of 24 months in quarterly instalments with a review of market conditions by the Committee prior to each instalment. This was endorsed by Council.

8   Before investing each instalment, the committee wanted staff to prepare a report outlining the market conditions at the time.

9   To date $20 million has been invested in Westpac and Milford. Staff are now requesting confirmation if the Committee which to invest a further instalment.

10   The Westpac active balanced fund, through BTFM is made up of 40% income assets (made up of 4% cash and cash equivalents, 14% NZ fixed interest, 22% international fixed interest) and 60% Growth assets (36% international equities,18% Australasian equities and 6% listed properties).

11   More details of the Westpac active balanced fund managed by BT funds management are provided in the last three attachments to this report.

12   The Milford Asset Management balanced fund is made up of 39% income assets including cash, bonds and fixed interest and 61% growth assets made up of property and shares.

13   More details on the Milford balanced fund are provided in the second attachment to this report.

Issues

14   The Committee needs to consider the investment information provided in this report and the attachments and provide direction to Council staff as to whether it wishes to invest further monies into its balanced funds accounts held at Milford Asset Management and Westpac (BTFM).

Factors to consider

Legal and statutory requirements

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

Community views

16   Council noted in the public proposal surrounding the LGFA participation an indication of a possible change to its borrowing approach, to externally borrow its internal loans that are currently funded from its cash reserves held rather than internally loan from its cash reserves. No comments were received on this point.

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

18   It further indicated that Council was reviewing its Investment and Liability policy and had indicated a desire to broaden the policy to allow for investments in managed funds. Council subsequently approved this as part of the Investment and Liability Policy adopted in 2021.

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

Costs and funding

20 Council developed the Long Term Plan on the basis of the enactment of the Investment & Liability policy. This meant that Council assumed it would be borrowing the full value of its reserve balances from the LGFA and investing the resulting cash in a balanced managed fund. In doing this, Council had to make some assumptions about the cost of borrowing at the time and the level of return from investing.

21 In working with Councils investment advisor, the following assumptions were made in the LTP

- A projected average return from the balanced managed fund of 5.5% over a 10 year period

- That a fund management fee of 1.1% be deducted from the return

- That from the remaining 4.4% return, $750,000 would be used to offset rates

- That 2% be paid on reserves with any balance investing.

22 The fund balances and returns to 31 July 2024 since deposit are as follows:

	Investment	Gain	% Gain	Balance 31-7-24
Milford	$10,000,000	$347,639	3.5%	$10,347,639
BTNZ	$10,000,000	$252,956	2.5%	$10,252,956

23 If the committee recommends the investment, Council staff will invest $5 million as soon as possible following the meeting.

Policy implications

24 Key delegations relating to discussions in or from this report included in the Investment and Liability policy are as follows:

ACTIVITY	DELEGATED TO	LIMITS
Approve debt, investment and interest rate strategies	Finance and Assurance Committee	
Approve amount placed with approved managed fund	Chief Executive or Chief Financial Officer	As per Annual Plan or Long Term Plan
Approve external borrowing as set out in the Annual Plan or Long Term Plan	Chief Executive or Chief Financial Officer	As Per Annual Plan or Long Term Plan

Analysis

Options considered

25 Either to invest a quarterly instalment of $5 million between Councils balanced investment funds of Westpac and Milford Asset Management at his time or not.

Analysis of Options

Option 1 – Invest a quarterly instalment of $5million between Councils balanced investment funds held in Westpac and Milford Asset Management or as directed at the meeting

Advantages	Disadvantages
• Continues the investment approach Council resolved to undertake • Completes the first year of investment • In a good year the fund will have returns equal to or higher than budget.	• In other years the fund will have returns less than the budget and Council will need to make further decisions on how it will fund its activities in those years.

Option 2 – Do not invest at this time in Councils balanced investment funds held in Westpac and Milford Asset Management.

Advantages	Disadvantages
• The returns may be less than budget so it could be a good result for Council, depending on the returns from either investing in the bank or reducing debt requirements	• May delay the implementation and therefore the possible returns budgeted • If returns were good, Council may lose the opportunity cost of not investing.

Assessment of significance

26   This approach has been consulted on as part of previous policies being adopted by Council and as part of the proposal to borrow from LGNZ as well as being discussed in numerous reports to Council over a number of years.

27   As such the intention of the Significance and Engagement Policy has been met from these actions.

Recommended option

28   Option One - Invest a quarterly instalment of $5 million between Councils balanced investment funds of Westpac and Milford Asset Management or as directed at the meeting.

Next steps

29   Undertake the relevant investment with Westpac and Milford Asset Management.

30   Undertake the appropriate borrowing to provide the cash funding required.

Attachments

A   Milford Monthly review July 2024
B   BTNZ Insights - Talking points - 18th Auust 2024
C   BT Insights - Monthly Market Performance - July 2024
D   BTNZ July 24 Transaction report
E   Milford July 24 Transaction report

Balanced Fund
Portfolio Investment Entity
Monthly Fact Sheet as at 31 July 2024

MILFORD
INVESTED IN YOU

Portfolio Managers

Mark Riggall
Portfolio Manager

Paul Morris
Co-Portfolio Manager

In July the Fund returned 3.5% bringing the one-year return to 11.4%. Returns in July, and over the last year, have been strong and it is encouraging that these returns have been delivered without taking a significant amount of risk. Indeed, exposure to shares over this period has been much lower than the neutral of 60%. In July a number of tilts in the Fund contributed to returns. NZ bonds had a strong month, after the RBNZ signalled openness to rate cuts, which benefited the Fund as it has had a significant tilt to NZ bonds over global bonds.

The NZ dollar was also weaker in the month and the Fund has had large exposures to the Australian and US dollars, boosting performance. Finally, the Fund's share exposure has been tilted towards the UK as these shares are cheap, underappreciated by global investors, and should benefit from cuts to UK interest rates. UK shares were outperformers in the month.

Looking ahead, a dynamic investment backdrop is taking shape. Inflation has largely been tamed but growth fears are emerging bringing interest rate cuts from central banks. But diverging global outcomes continue to present opportunities in currencies and bond markets. In the share market, the previously dominant AI theme seems to be losing a bit of its lustre, as massive capex by technology companies has yet to yield tangible revenue sources. This is creating further opportunities to invest in a wider range of industries and companies to deliver positive performance. After such a strong run for the Fund, the pace of returns is likely to slow but a falling interest rate environment coupled with an active approach should underpin returns going forward.

To view Milford's July 2024 Market and Economic Review please see milfordasset.com/insights.

For previous fund reports see milfordasset.com/fund-reports.

Cumulative Fund Performance
(after fees and before tax)
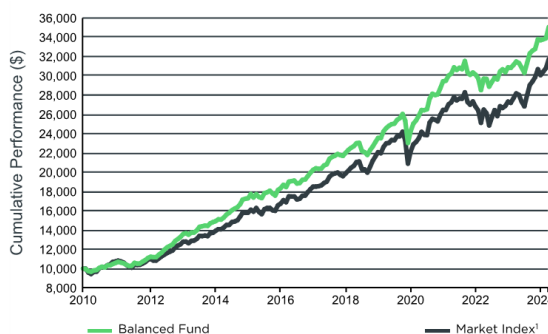
Assumes the growth of $10,000 invested at the Fund's inception date.

Key Fund Facts

Objective [2]	To provide capital growth over the minimum recommended investment timeframe
Description	Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities
Minimum recommended investment timeframe	5 years +
Target Allocation	39% Income Assets / 61% Growth Assets
Neutral FX Exposure	13.0%
Net Asset Value (NAV)	$1,803.2 M
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 April 2010
Benchmark	Not applicable
Base Fund Fee [3]	1.05%
Performance Fee	The Fund may invest into related Milford funds that charge performance fees.
Total Fund Fees [4]	1.06% (includes an est. performance fee)

Risk Indicator

Lower risk   Higher risk

1   2   3   **4**   5   6   7

Potentially lower returns   Potentially higher returns

External Ratings

Silver

The Milford Balanced Fund has a Morningstar Medalist Rating™ of 'Silver' as of 6-09-2023

Milford Asset Management   T   0800 662 345   Level 28, 48 Shortland Street   PO Box 960, Shortland Street
W   milfordasset.com   E   info@milfordasset.com   Auckland 1010, New Zealand   Auckland 1140, New Zealand

Balanced Fund as at 31 July 2024

MILFORD

Investment Performance after fees as at 31 July 2024 [5]

Unit Price: $3.3491

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Balanced Fund (Gross Of Tax)	3.45%	4.08%	11.41%	5.08%	7.37%	9.15%
After Tax 10.50%	3.34%	3.93%	10.75%	4.74%	7.04%	8.67%
After Tax 17.50%	3.27%	3.83%	10.31%	4.51%	6.83%	8.35%
After Tax 28.00%	3.16%	3.68%	9.65%	4.17%	6.50%	7.88%
Market Index [1]	3.02%	5.52%	12.63%	5.20%	6.65%	8.39%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	1.82%
Shell	1.43%
HCA Holdings	1.43%
Spark	1.40%
Telstra	1.39%
Coca-Cola Europacific Partners	1.33%
CRH	1.29%
Infratil	1.28%
Elevance Health	1.12%
Microsoft	1.08%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	14.03%	8%
New Zealand Fixed Interest	7.57%	6%
International Fixed Interest	24.19%	25.0%
New Zealand Equities	8.27%	10.5%
Australian Equities	9.21%	13.5%
International Equities	32.89%	30%
Listed Property	3.84%	7%
Other	0.00%	0.0%

The actual cash held by the Fund is 9.85%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

Holdings	% of Fund
NZGBI 2% 2025	1.17%
Scentre Group 5.125% 2080	0.64%
ANZ 4.95% 2029	0.60%
Westpac 5.754% 2034	0.50%
NatWest 5.125% Perpetual	0.48%
British Telecommunications 8.375% 2083	0.47%
Westpac 5.1% 2029	0.41%
Suncorp 4.75% 2029	0.39%
Bank of Ireland 7.594% 2032	0.38%
NZLGFA 4.5% 2030	0.36%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

Fund Allocation

- Global Equity Fund 3.9%
- Global Select Wholesale Fund 4.8%
- Global Opportunities Wholesale Fund 5.9%
- Active Growth Fund 25.0%
- Dynamic Fund 3.6%
- Trans-Tasman Equity Fund 3.1%
- Australian Absolute Growth Fund 3.1%
- NZ Equities Wholesale Fund 1.9%
- Other Direct Investments 2.1%
- Income Wholesale Fund 36.4%
- Trans-Tasman Bond Fund 4.7%
- Global Corporate Bond Fund 1.9%
- Cash and Other 3.3%
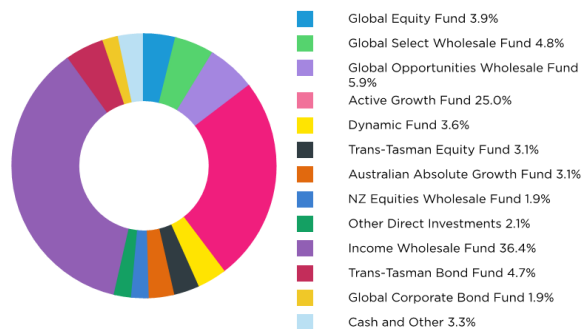
1. The Fund does not have a performance benchmark, hence a market index has been included for comparison purposes. See the Statement of Investment Policy and Objectives for more details on the market index. The market index is a blend of indices that represent the Fund's neutral asset allocation. Note the Fund's investment strategy is designed to achieve its objective, which may mean that at times, the returns of the market index may not be an appropriate measure. **2.** After the Base Fund Fee but before tax and before the performance fee. **3.** Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. **4.** The Total Fund Fees comprise the Base Fund Fee and any estimated Performance Fee. Please refer to the Product Disclosure Statement for more information as to how these are calculated. **5.** Please note past performance is not a guarantee of future returns.

Please refer to the 'Glossary for the Monthly Fact Sheet' at milfordasset.com/fact-sheet for more information about the data published within this document.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.

BT Insights   ◆BT Funds Management

Talking Points: Week ending 18th August 2024

Stories of the Week:

The Reserve Bank of New Zealand (RBNZ) cut the Official Cash Rate by 25bps to 5.25% and forecast it would decline to 3% by mid-2027. The RBNZ indicated it intends to reduce interest rates toward a more neutral setting at a measured pace, now that it has begun its easing cycle. The RBNZ's pivot to easing is a rapid change of tune after it said in May it considered raising rates and wouldn't cut them until the second half of 2025.

Underlying US inflation eased for a fourth month on an annual basis in July, keeping the Federal Reserve on track to lower interest rates next month. The so-called core consumer price index — which excludes food and energy costs — increased 3.2% in July from a year ago, still the slowest pace since early 2021.

A bid to break up Alphabet Inc.'s Google is one of the options being considered by the Justice Department after a landmark court ruling found that the company monopolized the online search market. The move would be Washington's first push to dismantle a company for illegal monopolization since unsuccessful efforts to break up Microsoft Corp. two decades ago.

The world's biggest steel producer sounded the alarm about an industry crisis in China that carries the potential to ripple around the globe and plunge the sector into a deeper downturn. China's steel market — by far the world's largest — is flashing multiple warning signs as the protracted property downturn shows no signs of ending, while factory activity remains subdued.

Australia's jobs growth surpassed all expectations in July while a swelling labour force pushed unemployment up slightly, underscoring the resilience of the labour market to elevated interest rates. The report comes a week after the RBA left the key rate at a 12-year high of 4.35% while sticking with its hawkish rhetoric. Money markets and economists reckon the RBA's next move will be a cut, though they're divided on the timing.

Britain's inflation rate increased less than economists and the Bank of England had expected, prompting traders to step up bets on a further loosening in interest rates. The Consumer Prices Index rose 2.2% in July after a 2% gain in each of the two previous months.

The World Health Organization has declared a fast-spreading mpox outbreak in Africa a global health emergency as the agency seeks to contain the spread of the potentially deadly virus. A mutated strain of mpox has spread to at least six African countries, infecting about 15,000 people and killing more than 500 in the Democratic Republic of Congo this year alone.

Ukrainian President Volodymyr Zelenskiy instructed his country's army chief to prepare for more action in Russia's Kursk region. Ukrainian troops have taken control of 74 villages and towns in Russia's Kursk region. Russia's Defense Ministry has rushed reinforcements to try to restore control, so far without success.

Markets:

In the wake of a two-week surge in market volatility, the major US stock indexes recorded their strongest weekly gains of 2024. The NASDAQ surged more than 5%, the S&P 500 added 4%, and the Dow rose 3%, lifted by encouraging data on inflation, retail sales, and consumer sentiment. New Zealand stocks posted their best week in more than four years after the nation's central bank kicked off an easing cycle much sooner than expected. The S&P/NZX 50 Gross Index climbed 4% for the week, the most since April 2020. European stocks climbed 2.5% this week (STOXX Europe 600 Index) as hopes grew for another round of interest rate cuts by the European Central Bank as early as September. Japan's stock markets rebounded strongly over a holiday-shortened week, with the Nikkei 225 Index gaining 8.7%. The yen weakened to the high-JPY 148 range against the US dollar, from around JPY 146.6 the prior week, providing a tailwind for Japan's exporters.

Markets:	16-Aug	9-Aug	Change:	Markets:	16-Aug	9-Aug	Change:
Equities:				**Foreign Exchange**			
NZ - NZX50	12,728	12,243	4.0%	NZD/USD	0.605	0.600	0.9%
AUS - ASX200	7,971	7,778	2.5%	NZD/EUR	0.549	0.550	-0.1%
US - S&P500	5,554	5,344	3.9%	NZD/AUD	0.908	0.913	-0.5%
MSCI World	441.1	424.5	3.9%	**Other:**			
Fixed Income:				Volatility (VIX)	14.8	20.4	-27.3%
NZ 10Y Bond Yield	4.13%	4.26%	-0.13	Gold ($US ounce)	2,508	2,431	3.2%
US 10Y Bond Yield	3.88%	3.94%	-0.06	Oil (WTI $US/brl)	76.7	76.8	-0.2%

Source: Bloomberg Finance L.P

Sources: BT Funds Management (NZ) Limited, Bloomberg, Westpac NZ, JH Investments, TRowePrice,

BT Insights   ◆**BT** Funds Management

Monthly market review
July 2024

Summary of performance of key market indices

Global equities returned 1.2% in local currency terms (4.3% in NZD terms). Australian equities returned 4.2% (in AUD terms) while NZ equities returned 5.9%. The yield on the 10-year US Treasury fell 10bps over the month to 4.03% as the market priced in further interest rate cuts by the Fed. Similarly, the 10-year NZ Government bond yield fell 32bps to 4.34% by the end of the month. The US dollar weakened against most major currencies, however the NZ dollar weakened more.

Commentary and context

Global markets experienced a volatile month, with mixed economic data providing some central banks sufficient confidence to ease monetary policy, while others opted to await further confirmation before taking action.

US inflation cooled broadly in June which enabled the US Federal Reserve Chair Jerome Powell to express his view that the risk of an unexpected inflation pickup has gone down as the labour market has cooled and an interest-rate cut could come as soon as September this year.

The Bank of Japan (BoJ) raised its benchmark interest rate by 15bps to 0.25% and unveiled plans to halve bond purchases. The BOJ's decision showcased Governor Kazuo Ueda's determination to proceed with normalization after years in which the central bank pursued an ultra-easy policy that included the world's last negative interest rate until March. The Bank of Canada cut interest rates by 25bps for a second consecutive meeting and signalled further easing ahead as inflation worries waned.

President Biden announced that he is dropping out of the 2024 US presidential race, with Vice President Kamala Harris becoming the presumptive Democratic nominee. In the UK, The Labour Party won a crushing victory in Britain's general election. While in France, the outcome of the French legislative elections left no party with an absolute majority and France bracing for potential political paralysis. At month-end, the assassination of a senior Hamas leader in Iran exacerbated tensions in the Middle East and could lead to broader regional conflict.

A defective cybersecurity update by CrowdStrike crashed some Microsoft Windows systems and this led to a widespread global IT outage disrupting transportation, hospitals and businesses during the month, highlighting the concentration of technology providers in the global economy.

New Zealand inflation slowed more than forecast to its weakest in three years in the second quarter even as domestic price pressures persisted. The Reserve Bank of New Zealand (RBNZ) kept interest rates steady at 5.5% for the eighth straight meeting, but toned down its recent rhetoric, suggesting it could ease monetary policy sooner than previously signalled.

Market view

The US economic activity has continued to hold up better than expected, however some advanced economies have experienced challenges, such as the technical recession that occurred in Europe and New Zealand or the near-zero growth in Japan. The inflation rate continues to remain the focus of most Central Banks, while labour conditions continue to ease. The European Central Bank, Bank of Canada and the Swiss National Bank have all begun to ease monetary policy, and we retain our view that the Fed, the Bank of England as well as the RBNZ are in position to start with a few base rate cuts given inflation rates have significantly come down from peak levels seen last year while still keeping their monetary policy restrictive (i.e. with a 1.0%-1.5% real cash rate gap). An exception is the Bank of Japan which could continue to hike rates in a bid to normalise its monetary policy.

Since the US regional bank debacle and rescue by the Fed in early 2023, equity markets have priced in a soft economic landing (slower growth trend avoiding a recession), especially in the US where the economic data to-date has been supportive. Over the year, equity market performance has also been boosted by the US mega-cap "magnificent 7" growth stocks (M7), which produce the technology that should help improve companies' productivity. Near-term, until earnings growth has broadened outside the M7, we believe financial markets will continue to be narrowly driven by the M7 earnings results (positive or negative) and the timing of possible Fed rate cuts which in turn may trigger spikes of volatility if market expectations aren't met.

In this uneven global economic and profit environment we still see a balance of risks in financial markets. Nevertheless, with normalising inflation rates and softer GDP growth, and the prospect of more central banks cutting rates, we now favour bonds over cash. We maintain a neutral view on equities, noting that sector performance within the market may continue to rotate with lower rates.

Markets

Equities	1 Month	3 Months	1 Year
NZ - NZX50	5.9%	3.7%	2.9%
AUS - ASX200	4.2%	6.1%	13.3%
US - S&P500	1.2%	10.0%	22.1%
MSCI World Local TR (LC)	1.2%	7.8%	19.4%
MSCI World Local TR (NZD)	4.3%	7.8%	23.8%
MSCI Emerging Mkt TR (LC)	0.6%	5.4%	10.4%
MSCI Emerging Mkt TR (NZD)	2.8%	4.2%	11.2%

NZX 50 (lhs) — MSCI World (rhs)

Fixed Income	1 Month	3 Months	1 Year
BBG Global Aggregate (hdg)	2.0%	3.8%	5.8%
BBG NZ Bond Composite	2.3%	4.2%	7.8%
BBG NZ Bond Government	2.4%	4.4%	7.6%
BBG NZ Bond Credit	2.1%	3.8%	8.6%

NZ 10y Bond — US 10Y Bond

Other	1 Month	3 Months	1 Year
NZX Property Gross	5.8%	-0.7%	-7.0%
NZD/USD	-2.3%	1.1%	-4.2%
BBG Commodities TR	-4.0%	-3.9%	-5.2%
Oil (WTI)	-4.5%	-4.9%	-4.8%
Gold	4.1%	5.2%	23.1%

Markets data source: Bloomberg Finance LP

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05 August 2024

Southland District Council
15 Forth Street
PO Box 903
Invercargill 9840
New Zealand

Westpac Active Series
Member Number: 3222452

Transactions from 01/07/2024 to 31/07/2024

Summary

Opening balance at 01/07/2024	$5,047,000.26
Contributions	$5,000,792.50
Withdrawals	$0.00
Investment earnings during the period	$205,162.98
Closing balance at 31/07/2024	$10,252,955.74
Net balance at 31/07/2024	$10,252,955.74

Page 1 of 2

Westpac Active Series Balanced Trust

Date	Description	Amount	Tax	Total	Price	Units
01/07/2024	Opening balance	$5,047,000.26			2.9777	1,694,932.416536
09/07/2024	Contribution	$5,000,000.00	$0.00	$5,000,000.00	3.0038	1,664,558.226246
26/07/2024	Contribution	$792.50	$0.00	$792.50	3.0301	261.542523
31/07/2024	Investment earnings	$205,162.98				
31/07/2024	Closing balance	$10,252,955.74			3.0517	3,359,752.185305

We're here to help.
If you have any questions, call one of our specialists on **0800 808 012** (or **+64 9 375 9977** from outside New Zealand), email us at **investments@westpac.co.nz** or go to **westpac.co.nz/investment-insights-hub** for further information.

Page 2 of 2

Monthly Report

31 JULY 2024

MILFORD

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Market and Economic Overview

Artificial Enthusiasm

> **"**
> **Central banks around the world are slowly cutting interest rates, as inflation has fallen sufficiently close to their targets.**

July proved to be a whirlwind month, with large swings in stocks, bonds and currencies. Pleasingly, our funds fared well, delivering strong gains across the board and building on the solid returns delivered over the past year.

Investor enthusiasm around artificial intelligence is starting to wane, as investors seek certainty on the revenue opportunities to justify the significant investments companies are making. Shifting sentiment around this theme, coupled with the sheer size of technology companies, means share price swings for these companies is causing increased volatility for global share benchmarks.

Global shares finished the month modestly higher, but this masked some large divergences under the surface. Our healthcare picks performed well in July, aided by stronger earnings, defensive qualities and improving chances of Democratic party victory in the US election. Hospital operator HCA Healthcare added 13.0% and life sciences company Avantor rallied 26.2%. We have continued to heavily invest in UK stocks; they are cheap, underappreciated and should benefit from falling UK interest rates. NatWest Group was up 18.1% whilst recent addition National Grid rallied 11.7%.

New Zealand's economy is deteriorating and the RBNZ signalled optimism last month that falling inflation would allow them to reduce interest rates. This sparked a sharp rally in domestic bonds and shares, whilst the NZ dollar fell.

Our funds had been positioned well for this, with increased exposure to NZ bonds and shares and lower exposure to the Kiwi dollar. Australian shares were also a strong performer last month, with the ASX 200 index up over 4%.

Central banks around the world are slowly cutting interest rates, as inflation has fallen sufficiently close to their targets. Weaker growth could be met with faster or larger cuts to cushion economies, but there is considerable uncertainty about how much growth this might stimulate. A "soft landing" (an economic slowdown without a recession) remains the most likely path ahead, but risks remain in both directions and outcomes diverge for different economies. This continues to be a fertile backdrop for active investment management, affording plenty of opportunities to express views across asset classes and stock selection.

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Southland District Council

Client ID: ML180508

Portfolio Valuation

As at 31 July 2024

Fund	Units	Unit Price	Gross Value	% of Total
Milford Balanced Fund	3,089,677.6584	$3.3491	$10,347,639.45	100.00%

Portfolio Performance

As At 31 July 2024
Net of fees & tax

Fund	1 month	3 month	1 year	Since inception*
Milford Balanced Fund	3.81%	N/A	N/A	5.49%
Overall Performance	**3.81%**	**N/A**	**N/A**	**5.49%**

* For investments over one year this is a per annum percentage. For investments under one year this is a return for that period of the year.

3   **Milford Asset Management**   **T** 0800 662 975   Level 28, 48 Shortland Street   PO Box 960. Shortland Street
        w milfordasset.com   **E** wholesale@milfordasset.com   Auckland 1010, New Zealand   Auckland 1140, New Zealand

Southland District Council

Client ID: ML180508

Account Activity

As at 31 July 2024

	1 month	3 months	1 year	Since inception
Contributions	$5,000,000.00	$10,000,000.00	$10,000,000.00	$10,000,000.00
Withdrawals	$0.00	$0.00	$0.00	$0.00
PIE Tax (Paid)/Refunded	$0.00	$0.00	$0.00	$0.00
Distributions Declared	$0.00	$0.00	$0.00	$0.00
Distributions Reinvested	$0.00	$0.00	$0.00	$0.00
Investment Earnings or (Losses) After Tax and Fees	$325,758.14	$347,639.45	$347,639.45	$347,639.45

Milford Asset Management
W milfordasset.com

T 0800 662 975
E wholesale@milfordasset.com

Level 28, 48 Shortland Street
Auckland 1010, New Zealand

PO Box 960. Shortland Street
Auckland 1140, New Zealand

Invested in you.

Head of Institutional Clients
Mike Cruickshank
Phone 09 921 4756
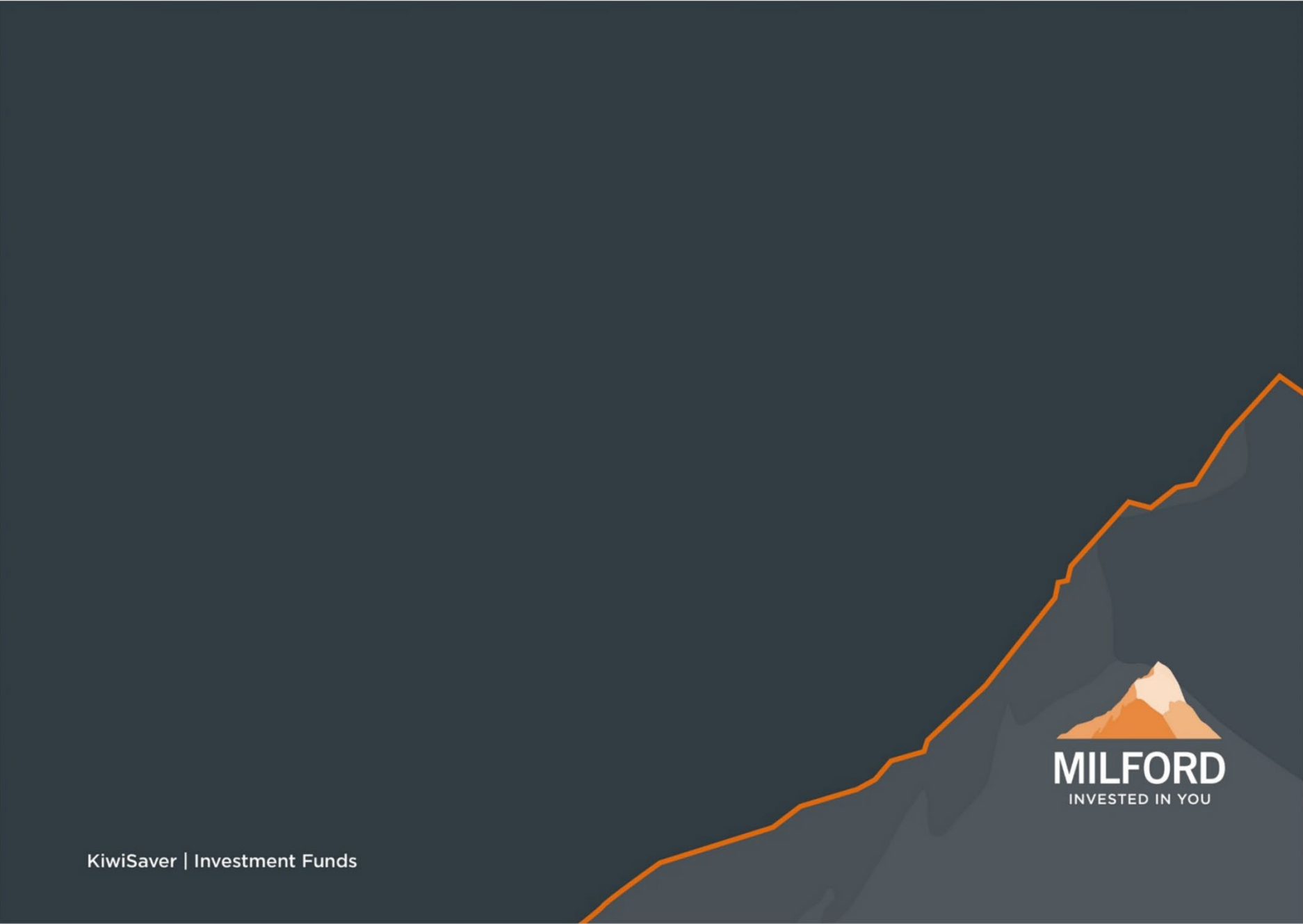Email mcruickshank@milfordasset.com

Wholesale Associate
Will Young
Phone 09 921 4811
Email wholesale@milfordasset.com

KiwiSaver | Investment Funds

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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   Commercial infrastructure - Forest Management and Harvest Plan 2024/2025

C8.2   Cyber security update - June 2024 to August 2024

C8.3   FMIS Project Update

C8.4   Follow up audit action points

C8.5   Update on strategic property purchase investigations

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
Commercial infrastructure - Forest Management and Harvest Plan 2024/2025	s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Cyber security update - June 2024 to August 2024	s7(2)(e) - the withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public. Disclosure of operational security information could lead to data breaches (financial, personal/public commercial information) or destruction of Council information technology systems and/or data.. 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. Disclosure of operational security information could lead to data breaches (financial, personal/public commercial information) or destruction of Council information technology systems and/or data..	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.

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
FMIS Project Update	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. Commercial details.	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.
Update on strategic property purchase investigations	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. s7(2)(h) - the withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.