

AGENDA

Meeting of the
Risk and Audit Committee

Wednesday 17 May 2023
commencing at 5:45pm

To be held:
Clocktower Chambers,
Palmerston Street, Westport



CORE COUNCILLOR ROLE AND RESPONSIBILITIES

The Governance role entails:

- Strategic planning and decision-making;
- Policy and strategy review;
- Community leadership and engagement, and stewardship;
- Setting appropriate levels of service;
- Maintaining a financially sustainable organisation; and
- Oversight/scrutiny of Council’s performance as one team.

The governance role focusses on the big picture of ‘steering the boat’ - management’s role focusses on ‘rowing the boat’

Our commitments to best support each other and meet the challenges and opportunities of 2023 include:

CLEAR AND RESPECTFUL COMMUNICATION

We are committed to:

Actively listening and not interrupting;

Remaining conscious of ‘tone’, body language, and amount of time speaking (allowing time for others);

Responding/answering in a timely manner; and

Being honest, reasonable, and transparent.

TRUST AND RESPECT

We recognise that trust and respect must be earned and that a team without trust isn’t really a team. Trust can be built by:

Valuing long-term relationships; being honest; honouring commitments; admitting when you’re wrong; communicating effectively; being transparent; standing up for what’s right; showing people that you care; being helpful; and being vulnerable.

CONTINUOUS LEARNING AND IMPROVEMENT

Continuous learning and improvement are critical for growing together as a team.

We are committed to constantly reviewing what is going well and what needs to improve in relation to the way we work together, the processes we follow, and the outcomes we deliver.

Risk and Audit Committee

Reports to:	The Council
Chairperson:	Independent Chair - Sharon Roche
Membership:	The Mayor, all Councillors and Māori Representative
Meeting Frequency:	Monthly
Quorum:	A majority of members (including vacancies)

Purpose

The Risk and Audit Committee is responsible for:

1. Monitoring Council's financial strategy, and financial performance against the Annual and Long Term Plans.
2. Monitoring Council's interests in its Council Controlled Organisations (CCOs).
3. Reviewing the Council's risk register and associated process for managing current and emerging risk.
4. Ensuring the independence and effectiveness of Council's External and Internal Audit processes.
5. Monitoring existing corporate policies and recommending new or amended policies as required.
6. Ensuring that council policies and practices will prevent unethical, questionable or illegal activities.
7. Providing a communication link between management, internal auditors/external auditors and Council.
8. Supporting measures to improve management performance and internal controls.

In addition to the common delegations (refer appendix attached) the Risk and Audit Committee is delegated the following Terms of Reference and powers:

Terms of Reference:

1. To receive regular reports regarding Council's financial and non-financial performance against Annual and Long Term Plans.
2. To consider reports related to significant expenditure outside of the Annual and Long Term Plans and make appropriate recommendations to Council.
3. To develop and monitor policy related to the following matters:
 - a) Financial management;

- b) Revenue generation;
 - c) Procurement and tendering; and
 - d) The appointment and remuneration of directors and CCOs
4. To monitor the probity of processes relating to policies developed by the Risk and Audit Committee.
 5. To provide clear direction to Council's CCOs on Council's expectations, including feedback on draft statements of intent.
 6. To receive Quarterly reports of Council's CCOs, including board performance.
 7. To undertake any reviews of CCOs and make appropriate recommendations for approval by Council.
 8. Review CCO requests for major transaction approval and recommend appropriate actions to Council.
 9. To monitor Council's debt and investments to ensure compliance with Council policy.
 10. To monitor the Council's outstanding debtors' positions.
 11. Engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
 12. Assess management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.

Internal Audit

13. Agree the scope of internal audits.
14. Monitor the delivery of the internal audit work programme and results
15. Assess whether Internal Audit's recommendations have been properly implemented by management.
16. Review the annual Internal Audit Plans to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

Other Matters

17. Review the effectiveness of the risk control environment established by management to safeguard Council's financial and non-financial assets, including the adequacy and appropriateness of insurance policies in place and management's actions to mitigate risks
18. Review the effectiveness of the systems for monitoring the Council's compliance against legislation, regulation, policy, and guidelines (including health and safety).
19. Conduct and monitor special investigations in accordance with Council policy and approved budget or in response to material matters raised by staff or committee members, including engaging expert assistance, on matters within its Terms of Reference.
20. Provide an annual review of Council's risk management framework and amend as required.
21. Review and monitor business continuity planning.

The Committee is delegated the following powers:

- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.
- The Committee will provide three-monthly reports to Council on its activities with appropriate recommendations.

Special Notes:

- In fulfilling their role on the committee, members shall be impartial and independent at all times.
- The Chairperson will be an independent appointment, not an elected member, to strengthen the independent nature of the Committee's monitoring responsibility of Council activities.
- Members are appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.
- The Chief Executive Officer and Chief Financial Officer are required to attend all meetings but are not members and have no voting rights. Other Council officers may attend the Committee meetings, as required.
- The Chairperson of the Committee shall review the travel and other reimbursed expenses of the Chief Executive Officer and confirm compliance with Council policies and practice. This information will be provided to the Chairperson on a monthly basis.
- The Chairperson shall review the travel and other reimbursed expenses of the Mayor and confirm compliance with Council policies. This information will be provided to the Chairperson on a monthly basis.
- The Chief Executive Officer (Principal Advisor) shall be responsible for drawing to the Committee's immediate attention to any material matter that relates to the financial condition of Council, any material breakdown in internal controls, and any material event of fraud or malpractice.
- The Chairperson shall present an annual Audit and Risk Self Review to Council summarising the Committee's activities during the year and any related significant results and findings.

Oversight of Policies:

- *Risk Management Framework*
- *Freeholding of Leasehold Land*
- *Revenue and financing*
- *Rates remission*
- *Development and financial contributions*
- *Significance and engagement*
- *Treasury Management*
- *Sensitive Expenditure*

Appendix - Common Delegations

The following delegations from Council are common to the Risk and Audit Committee, the Community, Environment and Services Committee and the Regulatory, Hearings and Planning Committee within their respective areas of responsibility.

General Principal

1. The work of these Committees will be in accordance with the priorities and work programme agreed by the Council.
2. These Committees have the powers necessary to perform the Committee's responsibilities, in accordance with the approved Long Term Plan and Annual Plan budgets. Subject to confirmation of compliance with the financial strategy.

These Committees will:

Strategy, plans and policy

1. Develop and agree to strategies, plans and policies for the purposes of consultation and/or engagement with community.
2. Recommend to Council for adoption.
3. Monitor and review as and when required.

Bylaws

1. Develop and agree to the statement of proposal for new or amended bylaws for consultation.
2. Recommend to Council new or amended bylaws for adoption.

Consultation and engagement

1. Ensure appropriate, effective and transparent engagement with the community, tangata whenua and other stakeholders.
2. Conduct any public engagement required on issues before the Committee, in accordance with Council's Significance and Engagement Policy.
3. Conduct hearings, where appropriate, to consider submissions from members of the public and external organisations, making determinations on such matters unless they are reserved for Council to decide.

Submissions and legislation

1. Approve submissions to external bodies/organisations on legislation and proposals, related to the Committee's areas of responsibility, that impact governance policy or matters.
2. Monitor and oversee strategic projects and programmes.
3. Monitor Council's Asset Management Plans/Strategic Infrastructure Plan.

Contracts

1. Approve and monitor contracts and other legally binding arrangements provided that such contracts/arrangements:
 - a) Do not require the approval of the whole of Council; and
 - b) Fall within the budget approved under the Long Term Plan or Annual Plan and have a value exceeding the Chief Executive's financial delegation.

Other

1. Consider and make decisions which are within the Chief Executive Officer's delegations, and which the Chief Executive Officer has referred to the Committee for recommendation to Council.
2. Consider and make decisions on operational matters that fall within a Committee's area of responsibility that are outside of delegations to the Chief Executive Officer or other Council officers.
3. Commission new Committee reports and work required to respond to significant or compliance issues, or to complete the agreed programme of Council.
4. Monitor Audit recommendations and ensure completion.

Risk and Audit Committee Meeting

17 May 2023 05:45 PM



Agenda Topic	Page
BDC Charter	2
Terms of Reference	3
1. Apologies	10
2. Members Interest	11
3. Confirmation of Minutes	12
3.1 Unconfirmed Minutes	13
4. Action Points	22
4.1 Action Points List	23
5. Risk and Audit Work Plan	25
5.1 RAC Work Plan	26
6. Port & Dredge – May 2023 Operations Report	27
6.1 Westport port and dredge activities – financial reporting 1 July 2017 to forecast 30 June 2023	33
7. 30 June 2022 Annual Report – Follow Up Issues Ernst & Young	34
7.1 Action report as at 9 May 2023 – findings from Ernst & Young Management Report for the year ended 30 June 2022	36
8. Quarterly Report: 31 March 2023	41
8.1 Quarterly Financial Statements to 31 March 2023	44
8.2 Non-Financial Performance March 2023	52
9. Capital Receipts and Expenditure Report to March 2023	55
9.1 Monthly Capex Report (2023-03 Capital Income and Expenditure)	60
9.2 CEO KPIs	61
10. Investments and Borrowings – As at 31 March 2023	62
11. Leasehold Properties – Extended 20% Discount Offer	71

12.	Monthly Report – Projects in Partnership Update Report	76
	12.1 Projects in Partnership	77
13.	Public Excluded	125
14.	Monthly Report – Projects in Partnership Update Report – IAF Funded Project	127
	14.1 IAF Project PIP Report	128
15.	Confirmation of Minutes	132
	15.1 Unconfirmed Minutes	133

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 1

Prepared by Douglas Marshall
Chief Financial Officer

APOLOGIES

1. REPORT SUMMARY

That the Risk and Audit Committee receive any apologies or requests for leave of absence from elected members.

2. DRAFT RECOMMENDATION

That there are no apologies to be received and no requests for leave of absence.

OR

That the Risk and Audit Committee receive apologies from *name* and accepts *name* request for leave of absence.

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 2

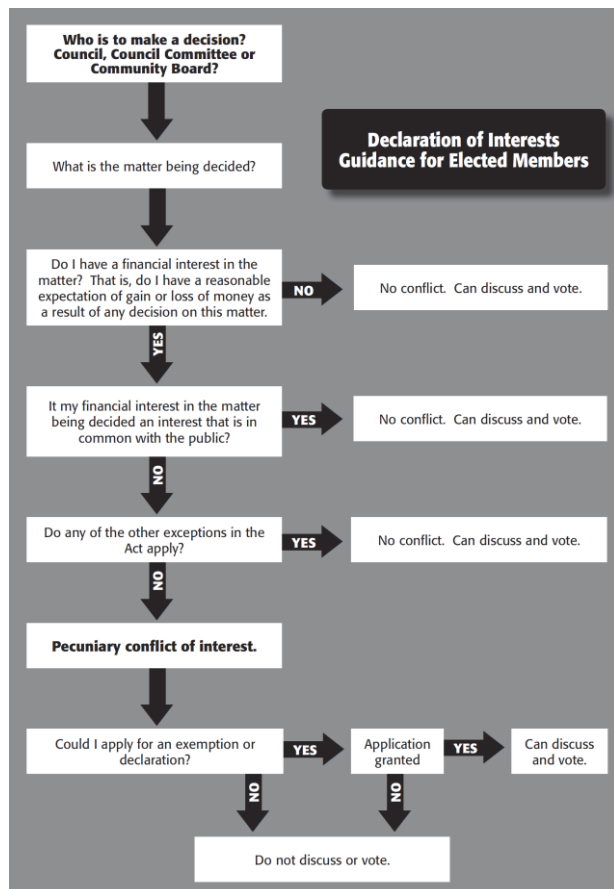
Prepared by Douglas Marshall
Chief Financial Officer

MEMBERS INTEREST

Members are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

Councillors are encouraged to advise the Governance Assistant, of any changes required to their declared Members Interest Register.

The attached flowchart may assist members in making that determination (Appendix A from Code of Conduct).



DRAFT RECOMMENDATION:

That Members disclose any financial or non-financial interest in any of the agenda items.

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 3

Prepared by Douglas Marshall
Chief Financial Officer

CONFIRMATION OF MINUTES

1. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive and confirm minutes from the meeting of 19 April 2023.

MEETING OF THE RISK AND AUDIT COMMITTEE, HELD AT 3.30PM ON WEDNESDAY 19 APRIL 2023 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.

PRESENT: S Roche (Chair), Mayor J Cleine, Councillors P Grafton, J Howard, C Reidy, T O'Keefe, A Pfahlert, Cr G Neylon, R Sampson, L Webb, G Weston, N Tauwhare (iwi Representative)

IN ATTENDANCE: R Townrow (Acting CEO), D Marshall (Chief Financial Officer), N Engelbrecht (Financial Accountant), M Williams, K Trigg, G Barrell (Governance Secretary)

PUBLIC ATTENDANCE: R Curnow

MEETING DECLARED OPEN AT 3.36pm

1. APOLOGIES (Page 9)
Discussion:

Nil

RESOLVED That there are no apologies to be received and no requests for leave of absence.

S Roche/Cr L Webb

12/12

CARRIED UNANIMOUSLY

2. MEMBERS INTEREST (Page 10)
Discussion:

Nil

RESOLVED that Members disclose any financial or non-financial interest in any of the agenda items.

Cr A Pfahlert/DM A Basher

12/12

CARRIED UNANIMOUSLY

3. CONFIRMATION OF MINUTES (Page 11)

Discussion:

Nil

RESOLVED that the Risk and Audit Committee receive and confirm minutes from the meeting of 22 March 2023.

Cr J Howard/Cr P Grafton

12/12

CARRIED UNANIMOUSLY

4. ACTION POINTS (Page 20)

Discussion:

205: Report to come back by June RAC.

206: Completed

208: Further report to come to May RAC

209: Completed

210: Completed

211: Completed

212: Completed

213: Included in Public Excluded section of this Agenda

RESOLVED that the Risk and Audit Committee receive the Action Point Report for information.

Cr G Weston/Cr P Grafton

12/12

CARRIED UNANIMOUSLY

5. RISK AND AUDIT WORKPLAN (Page 34)

Discussion:

Nil

RESOLVED that the Risk and Audit Committee receive the Risk and Audit Work Plan for information.

**S Roche/Cr L Webb
11/1
Cr C Reidy against
CARRIED**

6. STATEMENTS OF INTENTS - COUNCIL CONTROLLED ORGANISATIONS (Page 36)

Discussion:

D Marshall spoke to the report. Council is required to receive Statements of Intent (SOI) for each of its Council Controlled Organisations (CCOs) relating to the year ended 30 June 2024.

The Council has three CCOs that are required to provide Statements of Intent.

Buller Holdings Limited (BHL) SOI:

There was discussion around decreasing the ratio of shareholder equity from 60% to 45% and the reasons for it. D Marshall explained that this is not inconsistent with other CCOs and outlined the ratio for shareholder funds.

Councillors requested Mr Marshall discuss the ratio split with BHL.

Mr Marshall to seek clarification on forecast Revenue and Expenditure increases on Page 53.

Note to minutes: the subvention payment of \$1.3 million proposed reflects a 10.9% return on the council \$ value in equity in BHL as at 30 June 2022.

WestReef Services Ltd (WSL) SOI:

J Cleine advised that the margin is being squeezed in terms of securing the work with escalation in costs.

Note to minutes: the earnings before income tax proposed of \$1.608 million reflects a 19.5% return on the \$ value of equity in BHL as at 30 June 2022.

Buller Recreation Limited (BRL) SOI:

Councillors noted that having the user fees as low as possible ensures the facility is affordable for those with limited incomes.

Councillors agreed they are not prepared to increase the Service Level Fee as indicated in the SOI. This will be a matter for discussion during the LTP deliberations, but BRL need to provide justification for the proposed increase.

The resolutions were amended as follows:

FROM:

RESOLVED That the Risk and Audit Committee:

- a. Receive the draft Statements of Intent for Buller Holdings Limited, WestReef Services Limited and Buller Recreation Limited for the year ending 30 June 2024,
- b. Instruct Buller District Council Staff to discuss the equity ratio change in Buller Recreation Limited Statement of Intent from 60% to 45% with the Board of Buller Recreation Limited,
- c. Instruct Buller District Council staff to seek further information discuss the proposed Service Level Fee increase for the 2024-2025 year with the Board of Buller Recreation Limited.
- d. Once the details of the equity ratio change and the Service Level Fee change are available and modification is made to the Statements of Intent as necessary on these two items, report to Council so that the Statements of Intent can be adopted by the due date.

TO:

RESOLVED That the Risk and Audit Committee:

- a. Receive the draft Statements of Intent for Buller Holdings Limited, WestReef Services Limited and Buller Recreation Limited for the year ending 30 June 2024,
- b. Instruct Buller District Council staff to discuss the equity ratio change in all Statements of Intent from 60% to 45%, along with other matters identified by Council, with the CEO of Buller Holdings Ltd.
- c. Instruct Buller District Council staff to seek further information and discuss the proposed Service Level Fee increase for the 2024-2025 year with the CEO of Buller Holdings Ltd.
- d. Once the details of the information sought are available and modification is made to the Statements of Intent as necessary on these items, report to Council so that the Statements of Intent can be adopted by the due date.

Cr G Neylon/DM A Basher
12/12

CARRIED UNANIMOUSLY

7. STATEMENT OF INTENT – WESTPORT AIRPORT AUTHORITY (Page 87)
Discussion:

D Marshall spoke to the report. Council is required to receive Statements of Intent (SOI) for each of its Council Controlled Organisations (CCOs) relating to the year ended 30 June 2024.

Assurance was sought that the LTP Budget 2024/25 and 2025/26 was achievable from a risk point of view.

Mr Marshall advised that we could deliver as there had been growth in last 18 months regarding annual fees and service charges. We need to keep doing the good things well. Bearing in mind that some years we are able to build up cash, but then there will also be upcoming expenses.

RESOLVED That the Risk and Audit Committee:

- a. receive the draft Statement of Intent for the Westport Airport Authority for the year ending 30 June 2024;
- b. request staff to engage with the Ministry of Transport and report their views to the Council.

DM A Basher/Cr A Pfahlert
11/1
Cr C Reidy against
CARRIED

Cr C Reidy left the meeting at 4.33pm.

Cr C Reidy returned to the meeting at 4.35pm.

8. BULLER HOLDINGS UPDATE ON DIRECTOR APPOINTMENTS AND ASSOCIATED REMUNERATION MARCH 2023

(Page 98)

Discussion:

This report is provided to give the committee an update on the status of the Director appointments to Buller Holdings Limited and its subsidiaries.

The report also comments on remuneration levels of the Directors.

There was a question as to whether it would be appropriate to run a self-review and then go to a review by the approved committee.

Mr Marshall advised that while self-review could be a good idea, he felt it was important to get a proposal of the review fee and see if doing a self-review was a viable option.

Mayor J Cleine felt that while an internal review was good, it is also prudent to have an independent review three-yearly.

RESOLVED That the Risk and Audit Committee regarding Buller Holdings Limited

- a) receive the report on the status of Directors plus their associated remuneration,

Cr J Howard/Cr G Neylon
12/12
CARRIED UNANIMOUSLY

- b) request Council staff to seek a directors' remuneration review for consideration prior to the 2023 AGM,

S Roche/DM A Basher
12/12
CARRIED UNANIMOUSLY

- c) request Council staff to seek a proposal for a directors' evaluation review for consideration prior to the 2023 AGM.

Mayor J Cleine/Cr P Grafton
12/12
CARRIED UNANIMOUSLY

9. STRATEGIC RISK REGISTER (Page 102)

Discussion:

The Strategic Risk Register was endorsed by the then, Finance Risk and Audit Committee (FRAC), 17 July 2019. This register identifies the organisational strategic risks and is monitored monthly by Senior Leadership Team and quarterly by the Risk and Audit Committee.

S Roche acknowledged the time that goes into the workings involved in the Strategic Risk Register.

DM A Basher left the meeting at 4.44pm.

DM A Basher returned to the meeting at 4.46pm.

Cr L Webb left the meeting at 4.48pm.

Mr Marshall clarified the risk before having property files digitalised was very high. He acknowledged that the costs are high, but it is important to digitalise files to mitigate this very high level of risk with a manual filing system. Every time a file is digitised, or an element of the information programme is advanced, the risk is reduced. He held concern around where the server room sits at Brougham House which is part of this risk.

Cr L Webb returned to the meeting at 4.51pm.

Cr R Sampson left the meeting at 4.53pm.

Cr R Sampson returned to the meeting at 4.55pm.

Mr Marshall advised what was amended from MARPOL regulations relating to the dredge. The engine emission rule is now under 130kw. The dredge generates 120kw. It is also noted that the dredge predominantly operates in the Buller rivers

As such amended rules around emission in a maritime environment means that the dredge will be able to continue in its current operating state for longer.

Mr Marshall to get a review done on the Emergency Preparedness Plan for Northern Buller.

S Roche noted there were a few items under the Control Plans within the Register that needed to be amended or dropped off based on the dates.

RESOLVED That the Risk and Audit Committee note the updates received for the strategic risk register at April 2023.

Mayor J Cleine/Cr G Weston
12/12
CARRIED UNANIMOUSLY

N Tauwhare left the meeting at 4.59pm

10. MONTHLY FINANCIAL PERFORMANCE REPORT TO FEBRUARY 2023

(Page 114)

Discussion:

D Marshall spoke to the report noting this report provides the Committee with an update on the financial performance for the eight months ending 28 February 2023. To help explain the variances this report is presented in three sections including “operational business as usual”, “additional grants”, and “flood event” sections.

The dredge performance was discussed, and Mr Marshall advised that a report of the dredge operation would come to RAC in May 2023.

N Tauwhare returned to the meeting at 5.01pm.

Cr T O'Keefe left the meeting at 5.01pm.

Cr T O'Keefe returned to the meeting at 5.03pm.

Cr P Grafton left the meeting at 5.06pm.

Cr P Grafton returned to the meeting at 5.07pm.

It was noted that on Page 116 3.1, the campground should be clarified as campgrounds - plural not singular.

ACTION POINT: Mr Marshall to provide Cr R Sampson a leasehold budget breakdown for the Orowaiti Cemetery and community facilities.

RESOLVED That the Risk and Audit Committee receive the Operational Performance Report to 28 February 2023 for information.

Cr A Pfahlert/Cr T O'Keefe

11/1

Cr C Reidy abstained

CARRIED

Cr C Reidy left the meeting at 5.13pm.

11. INVESTMENTS AND BORROWINGS AT FEBRUARY 2023 (Page 120)

Discussion:

Nil

RESOLVED That the Risk and Audit Committee receive the Investments and Borrowings report as at 28 February 2023 for information.

Mayor J Cleine/DM A Basher

11/11

CARRIED UNANIMOUSLY

12. PROJECTS IN PARTNERSHIP UPDATE REPORT (Page 130)

Discussion:

A question was asked as to why Waimangaroa Water was not included in this report. M Williams replied that this section of the works is not externally funded. therefore, was not reported through PIP.

Cr C Reidy returned to the meeting at 5.15pm.

It was clarified that certain parts of projects were originally in PIP but only when externally funded.

It was noted regarding the Tip Head rock wall, that the suitability of the rock used had been approved by an engineer.

RESOLVED That the Risk and Audit Committee receive the Projects in Partnership Update Report for information.

Cr A Pfahlert/Cr P Grafton

12/12

CARRIED UNANIMOUSLY

13. PUBLIC EXCLUDED REPORT (Page 166)

RESOLVED that the public be excluded from the following parts of the proceedings of the meeting.

Item No.	Minutes/Report of:	General Subject	Reason For Passing Resolution under LGOIMA
14	Douglas Marshall - Chief Financial Officer	Punakaiki Campground Update	(s 7(2)(b)(ii)) - Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
15	Douglas Marshall - Chief Financial Officer	Ernst & Young Management Closing Report	(s 7(2)(h)) - enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or (s 7(2)(i)) - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or (s 7(2)(j)) - prevent the disclosure or use of official information for improper gain or improper advantage.
16	Douglas Marshall - Chief Financial Officer	BHL BDC Governance Meeting Draft Minutes 12 April 2023	(s 7(2)(b)(ii)) - would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. (s 7(2)(i)) - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

**Cr G Weston/Cr P Grafton
12/12
CARRIED UNANIMOUSLY**

S Roche called a short recess at 5.21pm.

The meeting resumed at 5.30pm.

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 4

Prepared by Douglas Marshall
Chief Financial Officer

ACTION POINTS

1. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the Action Point report for information.

RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
205	<p>14 Dec 2022 Punakaiki Lease Bring report to RAC re Punakaiki Lease</p>	K Trigg and M Williams	<p>The report on the Punakaiki lease covers a number of matters including</p> <ul style="list-style-type: none"> • The current lease arrangement • Future development of the campground by the lessee • Operation of the wastewater effluent site for the campground <p>This last bullet point requires a review of different options which is taking a little bit longer to complete.</p> <p>Staff will give verbal updates over the next couple of meetings until a final options report can be prepared for the Committee consideration</p> <p>Needing to look at proposals and also rate payer costs. Further update to be provided to April 2023 RAC Meeting</p> <p>PUBLIC EXCLUDED: Report regarding effluent treatment system to come back to RAC by June 2023</p>	<p>15 Feb 2023</p> <p>19 April 2023</p> <p>14 June 2023</p>
208	<p>22 March 2023 PIP Update Reports To will confirm regarding the final sign off costs for Waimangaroa Hall and what else needs to be done funding wise.</p>	K Trigg/ D Marshall	<p>The Waimangaroa Hall received funding from the Kanoa Regional Economic Development and Investment Unit for a kitchen upgrade. This fund was aimed at lifting economic activity after the Covid shutdown.</p> <p>This project has been completed but while completing it, further work was identified as necessary. Most of that work was completed at the time but some remains. This unfinished work is of a nature where a certificate of public use for the hall has not been issued as of yet.</p> <p>Council staff are currently awaiting a scope of works to be costed which can then be undertaken to allow the certificate of public use for the hall to be issued and the hall to be used again.</p> <p>A report provided to Kanoa in January 2023 is included on this agenda to provide background information - See Attachment 1</p>	19 April 2023

RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
		K Trigg/ D Marshall	<p>Once the costed scope of works is available, a further report will be provided to the council so that funding can be identified for the necessary work to be undertaken.</p> <p>Further report to come to June RAC meeting.</p>	14 June 2023

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 5

Prepared by: Douglas Marshall
Chief Financial Officer

Attachments: Attachment 1 - RAC Work Plan

RISK AND AUDIT WORK PLAN

1. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the Risk and Audit Work Plan for information.

**Risk and Audit Committee
Proposed Programme 2023 Calendar Year**

Categories/Reports Proposed	SLT Member	Reporting Officer	May	June	July	August	September	October	November	December
Risk & Assurance Items										
NZTA Procedural Audit	IS	Manager Infrastructure Delivery								
Ernst & Young Report on BDC's Annual Report and its Preparation	CFO	Finance Manager								
Strategic Risk Register Update	CFO	CFO			✓			✓		
Strategic Risk Framework Review	CFO						✓			
Health and Safety Report Update	CFO	HR		✓			✓			✓
BHL Letter of Expectation	CFO									✓
CCO Statements of Intent	CFO	Finance Manager		Final						
CCO Director Appointments and Remuneration	CFO	Finance Manager								
BHL Quarterly Financials	CFO	Finance Manager		✓			✓			✓
BHL Annual Report	CFO	Finance Manager						Receive CCO Annual Reports		Adopt Annual Report
Westport Airport Authority Financials - 30 June	CFO	Finance Manager							✓	
Westport Airport Authority Financials - Half year	CFO	Finance Manager					✓			
Insurance	CFO	Management Accountant					Insurance Update Report			Finalise
Review of BDC Created Policy	CFO							✓		
Review of Business Continuity Plan	CFO								✓	
Internal Audits										
Dredge Activities	CFO	Project Accountant	✓					✓		
Harbour Activities	CFO	Project Accountant	✓						✓	
Follow-up on Ernst & Young Matters Raised in Their Annual Report	CFO	Finance Manager	✓		✓		✓			
Monitoring Items										
BDC Quarterly / Half Yearly Financials	CFO	Finance Manager	✓			✓			✓	
BDC Monthly Financial Performance Report	CFO	Financial Accountant		✓	✓		✓	✓		✓
BDC Investments and Borrowings	CFO	Finance Manager	✓	✓	✓	✓	✓	✓	✓	✓
BDC Debtors	CFO	Finance Manager		✓			✓			✓
BDC Capital Receipts and Expenditure	CFO	Financial Accountant	✓			✓			✓	
PIP Report	CEO	CEO	✓	✓	✓	✓	✓	✓	✓	✓
Capital Report Multi-Year Projects										✓

The following items are not directly related to the Risk & Audit work programme but are provided to note when staff have key programmes of work

Major Financially Based Reports to be Prepared in the 2023 Calendar Year										
Annual Plan			Preparation and Adoption	Preparation and Adoption						
Long Term Plan					Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption
BDC Annual Report				Interim Audit	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Final Audit	Adopt & Publish Annual Report & Summary Document
Rating Policy Review										
Rating Policy Review			Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption

RISK AND AUDIT COMMITTEE

9 MAY 2023

AGENDA ITEM 6

Prepared by: Douglas Marshall
Chief Financial Officer

Reviewed by: Rachel Townrow
Acting Chief Executive Officer

Attachment 1 Westport port and dredge activities – financial reporting 1 July 2017 to forecast 30 June 2023

PORT & DREDGE – MAY 2023 OPERATIONS REPORT

1. REPORT SUMMARY

This report updates the Committee on a number of matters relating to the operations of the Westport Port and the dredge Kawatiri as at May 2023

2. DRAFT RECOMMENDATION

That the report be received for information

3. ISSUES AND DISCUSSION

3.1 Harbour Master Replacement

The passing of Westport Harbour Master, Curly James, in March was extremely sad for all who had spent time in his company. Curly was a Westport identity who spent his career fishing and living a life with the sea never far away. As the Harbour Master, he had a key role in keeping people safe on the water and his experience as to how to safely cross the bar on the river was invaluable to the community. He freely shared his experience with anyone who requested it.

Curly indicated to Council management in mid 2022 that he wished to retire from his role, but was keen to be involved in helping support the new Harbour Master in a part time role. The Harbour Master role is often seven days a week, and with the Mineral Sands involvement at the port, plus Talley's expansion in planning, there will be more activity around the port in the next few years than there has been for a while.

The current budgets allow for additional Harbour Master resource above the role Curly held, and the process of appointing a new Harbour Master(s) has commenced.

The Dredge Master, Steve Christensen has been appointed as Acting Harbour Master until end of June, when I expect there to have been some appointments into the role(s).

3.2 Pilotage

The only boat that regularly crosses the Westport bar that requires a pilot is the dredge Kawatiri.

Curly James was instrumental in developing a pilot exemption training programme for the Westport port that led to two key dredge staff/contractors gaining a pilot exemption in March this year.

The exemptions allow these personnel to bring the Kawatiri in and out of Westport without the need for a local pilot to be on board. Previously, with respect to the dredge, this was done under an exemption to the Maritime rules with no clear guidelines since the Westport port did not have a local pilot, active pilot exemption or pilot programmes.

The pilot exemption training programmes was developed from scratch; something that has not been done in New Zealand for many years.

The dredge and the port staff will continue to work with Maritime NZ to develop a pilot training programme.

The training programme will need to be signed off by Maritime NZ. The aim is to qualify individuals who will be able to bring vessels over 100 tonnes into and out of Westport port.

It should be noted that this exemption also allows those covered to bring the Kawatiri in and out of Nelson port without the need for a local pilot to be on board.

3.3 Wharf and Harbour Structures

Most of the wharf and harbour structures are aged.

The wharf commonly known as the crane wharf is the most structurally challenged with the significant parts of the wharf not able to be used without an appropriate strengthening methodology.

Some of these wharf structures near the blue shed will be used by Westland Mineral Sands (WMS) to load their boat with the sands they are exporting. Council has a lease in place with WMS for the land that BDC own, and that WMS use for sand stockpiling. This land area is also for conveying the trucks along the wharf area to the blue shed where the mineral sands products will be stored.

Using this land also avoids WMS having to drive through along Palmerston St with the related traffic issue.

A licence agreement between BDC and WMS is needed for the use of the BDC wharf structure by the blue shed as the land on which the wharf structure sits is owned by Kiwirail.

The cost of any upgrades of the wharf structures will be funded by WMS.

The wharf structures used by the fishing fleet in the harbour basin are acceptable at this time although port staff are regularly monitoring the structures checking for degradation that may require interventions such as the provision of safety protection works, repairs or removal of structures.

3.4 Completion of Harbour Project

This project has been reported on to RAC on a regular basis via the PIP reporting structure. A key part of this project has been improving the health and safety at the port with fencing of various areas to stop public access into a challenging working environment.

A security gate at the main entrance point to the port now restricts public access. There are challenges with individuals wanting to use the wharf structures for swimming or white baiting in those seasons. They often ignore the fencing, signage, and other safety controls. These breaches will need ongoing work and education.

3.5 Harbour Boat

The port does not currently have a boat which can be used when needed to undertake port operational matters. The previous Harbour Master used his own boat and charged the council for its use as required. The most common activities are the bar soundings, checking of wharf structures from the riverside and interactions with port users on the water.

The future WMS activities will increase the activities above, thus the need for a permanent solution or a more comprehensive lease/hire option. Port staff are considering options at this time and will report to the Committee/Council in due course on options.

3.6 Dredge Activities

The dredge has commenced its 3rd swing (a 28-day period) of the calendar year. The current dredge work is funded via the Tranche 2 of Central Government funding approved by cabinet and administered via National Emergency Management Agency (NEMA).

3.6 Financial Activities

Introduction

The below summarises the financial position of the port since the commencement of the 2017/2018 financial year when the Council became responsible for the port and dredge activities. Both activities have been required to formally operate without any rates funding input, a closed account, since 1 July 2021.

Port Activities

For the port, that means running deficits for a number of years until the lease income from WMS exceeds the accumulated deficits. The deficit per the attached is forecast to \$2.775 million by 30 June 2023.

The lease income from WMS is projected in the LTP to be approximately \$1 million per annum.

If we assume the following variables for port activities:

- An annual port operations funding, net of berthage
- \$1 million additional lease income

then the port share of the closed account (exc dredge) breaks even by late 2030.

This forecast will be further analysed/reviewed as part of the 2024-2034 LTP preparation.

Dredge Financial Activities

The dredge makes a cash surplus from its operating activities. Any surplus cash has been used to fund rehabilitation/renewal aspects of the dredge to keep its service delivery at an appropriate level.

The Tranche 2 and out of port dredging, eg Nelson, will keep the dredge operational until early 2024 at which time the expectation is that the dredge will have broken even financially.

In the coming months, arrangements will need to be reached with WMS as to their dredging requirements and how their dredge requirements in the port are funded.

Follow Up Matters

In preparing this paper for review, staff note a number of financial aspects of the closed account that need reviewing and reporting back to the Committee on.

These are:

- how are Council overheads allocated and are they reasonable?
- Council does not charge or credit interest on closed accounts. Is this appropriate for port/dredge closed account?
- Where were the proceeds from the sale of the harbour boat, Bob Gower, credited?
- Should the general rates income levied for the port be credited to the closed account or is the Council confident that the future financial strength of the account will fund the current deficit?

Council staff will report back on these matters as part of year end reporting.

4. CONSIDERATIONS

4.1. Significance Assessment

The Significance and Engagement Policy sets out the criteria and framework for a matter or a transaction to be deemed significant. The Significance and Engagement Policy is written in accordance with The Local Government Act 2002 (LGA 2002) section 76AA.

In a financial context, the content included in this report is not considered significant because the matters disclosed are of a routine nature, and not greater than 5% of the total assets or total annual operations of Council.

4.2. Values Assessment

The Buller District Council values are: One Team; Community Driven; We Care; Integrity; and Future Focussed. The matters outlined in this report are considered to be consistent with our values.

4.3. Policy/Legal Considerations

The Local Government Act 2002 governs the activities of Council and sets out the requirement for consultation on the Annual Plan and Long Term Plan to agree the budgets and activities to be funded.

This report assists with two key purposes of that Act (refer to section 3) stating the purpose of the Act is to promote the accountability of local authorities to their communities; and provide for local authorities to play a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

4.4. Strategic Impact

Council's key strategies, to achieve the vision of Council are:

Resilient - Building and promoting resilience in a community, services and infrastructure

Growing - Facilitating growth and a transition to a diversified, resilient and sustainable economy,

Quality Infrastructure - Providing reliable and sustainable infrastructure that meets the needs of current and future generations

Liveable - Investing in our towns to ensure we are an attractive district to live work invest and play

Affordable - Growing our non-rates income so rates are affordable to all residents

The dredge and harbour activities have a limited strategic impact on the day to day Council activities although they have the potential for activities that use their services to be significant in the future for the district.

4.5. Risk analysis

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

Undertaking harbour and dredge activities have risk but staff implement practices to minimise risk.

4.6. Policy / legal considerations

None identified.

4.7 Tangata whenua

The contents of the report are not a matter requiring consultation with tangata whenua.

4.8 Views of those affected

The users of the port and the dredge receive services charged at commercial rates. As such this is a business-like activity and should be managed as such.

4.10 Media / Publicity

Media and the public take an interest in the activities of the dredge and harbour.

Westport port and dredge activities – financial reporting 1 July 2017 to forecast 30 June 2023

	2018	2019	2020	2021	2022	2023	
	Actuals	Actuals	Actuals	Actuals	Actuals	June Forecast	Total for period
Port							
Income	156,530	137,230	249,989	207,686	176,118	214,574	1,142,127
Port operating costs (inc loan int)	210,280	602,532	543,326	644,722	629,137	579,318	3,209,315
Depreciation	49,287	52,955	58,852	73,314	87,942	92,000	414,350
Overheads	-	-	51,742	89,878	63,464	88,956	294,040
Net Surplus/(Deficit)	(103,037)	(518,257)	(403,931)	(600,227)	(604,426)	(545,701)	(2,775,578)
Dredge							
Income	-	1,382,504	1,091,634	937,098	1,645,243	2,214,182	7,270,662
Dredge operating costs	41,687	624,517	876,237	1,346,640	1,270,734	1,469,510	5,629,324
Dredge rehabilitation/renewal	-	447,084	190,286	-	84,118	1,624,196	2,345,684
Depreciation	-	-	-	5,300	7,314	5,000	17,614
Overheads	-	-	-	-	162,277	134,568	296,845
Direct Costs	-	-	-	-	-	-	-
Net Surplus/(Deficit)	(41,687)	310,903	25,112	(414,841)	120,802	(1,019,092)	(1,018,804)
Total Net Surplus/(Deficit)	(144,724)	(207,354)	(378,819)	(1,015,068)	(483,624)	(1,564,793)	(3,794,382)
Capital							
Port	1,040,000	8,125	80,386	1,801	-	989	1,131,301
Dredge	-	-	145,067	69,860	600	691	216,218
Total capital	1,040,000	8,125	225,453	71,661	600	1,681	1,347,519
Borrowings							
Loans raised	1,340,000	-	-	-	-	-	1,340,000
Sale of Bob Gower			150,000				150,000
Net borrowings	1,340,000	-	150,000	-	-	-	1,490,000
Net Activity Surplus/(Deficit)	155,276	(215,479)	(454,272)	(1,086,729)	(484,224)	(1,566,473)	(3,651,901)
Opening balance for year	0	155,276	(60,203)	(514,475)	(1,601,204)	(2,085,428)	-
Closing balance for year	155,276	(60,203)	(514,475)	(1,601,204)	(2,085,428)	(3,651,901)	(3,651,901)

RISK AND AUDIT COMMITTEE

17 May 2023

AGENDA ITEM: 7

Prepared By: Douglas Marshall
Chief Financial Officer

Reviewed By: Rachel Townrow
Acting Chief Executive Officer

Attachment 1: Action report as at 9 May 2023 – findings from Ernst & Young Management Report for the year ended 30 June 2022

30 JUNE 2022 ANNUAL REPORT – FOLLOW UP ISSUES ERNST & YOUNG

1. REPORT PURPOSE

Attached to this report is a schedule of the follow up matters from the management report prepared by Ernst & Young, the Council auditors, relating to their findings of improvement they noted while auditing the Council's annual report as at 30 June 2022.

2. DRAFT RECOMMENDATION

That the Risk & Audit Committee receive the follow up report relating to the Ernst & Young management report for the year ended 30 June 2022 as at 9 May 2023.

3. BACKGROUND

Ernst & Young issue a number of reports as part of the annual audit process.

The management report recommends a number of follow up actions which Council staff have provided feedback to the Committee on for their consideration.

The Committee has accepted the recommendations and staff proposed replies and will receive regular reporting on progress over the coming months. The framework of the report is attached for information.

4. OPTION

There are two options the Committee could consider with regard to this report:

Option 1 Support the recommendation provided by staff.

Option 2 Propose an alternate recommendation.

5. CONSIDERATIONS

5.1 Strategic Alignment

Not relevant to this report.

5.2 Significance Assessment

Not relevant to this report

5.3 Tangata Whenua Considerations

The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value. Therefore, this decision does not specifically impact Tangata Whenua, their culture, and traditions.

5.4 Risk Management Implications

Receiving this paper and acting on the recommendations will improve Council's risk management in a number of areas.

5.5 Policy Framework Implications

None identified.

5.7 Legal Implications

There are no legal implications with this report and the recommendations.

5.8 Financial / Budget Implications

The majority of the work outlined in this report can be undertaken using Council staff resources.

5.9 Consultation Considerations

There is no consultation with the public required.

Action report as at 9 May 2023 – findings from Ernst & Young Management Report for the year ended 30 June 2022

The following is a summary from the Ernst & Young management report for the council’s annual report as at 30 June 2022.

#	Area	Risk	EY Recommendation	Management Response – AS AT 19 April 2023
1	Expenditure approvals – probity and appropriate review	There is a risk that the Council does not meet the standards of probity and financial prudence that all public entities must meet.	We recommend that the CE’s credit card only be utilised in limited circumstances for specific types of expenses and approvals for payment are appropriately reviewed with the over-arching principle of probity and financial prudence being considered	The CE credit card is only utilised in limited circumstances. We will though review our credit card use procedure as part of our regular review of policies and procedures. The review will focus on financial prudence when using a credit card when spending council funds.
2	Sub committees’ bank accounts and reconciliations	There is an increased risk that the cash and bank balance is misstated, with the added risk of a possible misuse of Council funds.	We recommend Council perform regular and timely review of the sub committee bank balances to reconcile to the amount recorded in the BDC trial balance. We also recommend the Council considers whether the practice of sub-committees having their own accounts remains appropriate and, if so, it is ensures that there are robust controls in place for their use.	Subcommittee financial statements and bank accounts are reconciled at Council level annually as part of the end of year processes for consolidating those records. Sub-committees receive reports from their treasurers on a regular basis although those reports only come to Council annually. Our own internal review by the Council finance team has identified some reporting improvements to be implemented including a simple, standardised report for all sub-committees showing opening bank balance, movements for the reporting period in detail, matching to the closing balance of bank statements, and confirmation that two signatories are required for all transactions. This will improve controls. The holding of bank accounts by each subcommittee will also be reviewed.

#	Area	Risk	EY Recommendation	Management Response – AS AT 19 April 2023
3	Appropriate inputs to landfill provision model	There is an increased risk the landfill provision could be materially misstated if key inputs and assumptions are incorrect.	We recommend the model be updated for the noted discount rate changes and a formalised review be implemented to ensure all inputs are accurate as part of the annual assessment process. We also recommend a formal and, if deemed necessary, an independent reassessment of the expected costs to remediate the landfill be undertaken.	Council has considered using spot rates in the past which reflect an interest rate at a point in time. The spot rate in our view does not reflect the long-run effect of cost changes over a long time, which is what the landfill provision must do by nature of the assets covered by the provision. Council engineers review this provision in depth when each Long Term Plan is created, and reviews these inputs in the in-between years when Annual Plans are created. Council appreciates an independent assessment would add value but believes our engineers assessment is adequate.
4	Regular review of internal policies	Without appropriate review and approval of key management policies there is an increased risk policies are not in line with best practice for controlling expenditure or other key processes of the Council.	We recommend Council complete and document regular reviews on internal policies to capture any changes in policies or changes to best practice as advised by the Auditor-General. This should include updating the review dates on each key policy document, at least annually, as evidence of the review process.	Council agrees an annual review is appropriate. We have added to our Risk and Audit Committee workplan a section for policy review.
	ITEMS COMPLETED AS AT 30 JUNE 2022 ANNUAL REPORT BUT WILL BE REVIEWED AGAIN AS PART OF 30 JUNE 2023 ANNUAL REPORT COMPLETION			
5	Grant funding reconciliations and support	There is a risk grant funding revenue is inappropriately recognised without an appropriate assessment of the contract	We recommend Council establish a formal process to ensure all grant contracts are maintained in a centralised repository and are reviewed regularly to ensure this is up to date.	The Council receives a reasonable sum of Central Government grant income annually which lifted significantly in the past 12 months. This income source will continue at these higher levels during the 30 June 2023 and 2024 financial years as the district recovers from the 2 major flooding events.

#	Area	Risk	EY Recommendation	Management Response – AS AT 19 April 2023
		terms and the resulting accounting treatment.	Council should perform a regular and timely assessment of grant revenue recognition with direct reference to the terms of the contract and the requirements of the relevant accounting standards. In addition, Council should develop a process to obtain all relevant supporting evidence for respective milestones within a grant funding contract to ensure funding is claimed on a timely basis.	Council and staff focus has been on delivery of the programmes of work related to the grants and ensuring that we report to the council/PIP committee/representatives of the various government agencies that provide the grants appropriately. This reporting should have been included on our annual report workpapers, plus an assessment of income recognition as per IPSAS 23 to ensure a more comprehensive reporting package at year end on grant income was available.
6	Timely and regular update and reconciliation of fixed asset registers	There is an increased risk errors related to accounting for fixed assets are not identified on a timely basis if the reconciliations are only performed annually.	We recommend the Council should perform reconciliations of all fixed asset registers to the general ledger on at least a quarterly basis.	Land, Buildings, Property, Plant and Equipment are reconciled quarterly. It is agreed it is desirable that infrastructure assets are reconciled quarterly. With the extensive work currently and in the next eighteen months being undertaken in preparation for the transfer to the National Transition Unit for 3Waters, more reconciled data will be available for review by Council staff, NTU representatives and auditors.
7	Formal monthly balance sheet account reconciliations	Without regular and timely reconciliations and assessments of all significant general ledger balances, there is a risk incorrect or inappropriate	We recommend Council perform formal reconciliations for all significant balance sheet accounts and ensure appropriate detail is included.	Formal reconciliations of balance sheet codes are completed every month if the account has had any transactions throughout it for the month, and if the amount is material. Low value holding accounts without any movement for the month are not subject to formal reconciliations each month, based on prioritising the key matters to reconcile.

#	Area	Risk	EY Recommendation	Management Response – AS AT 19 April 2023
		transactions are not identified or corrected on a timely basis.	In addition, a monthly checklist of key reconciliations should be maintained identifying the respective preparer and independent reviewer and expected timing of the reconciliation. The checklist should be monitored by an appropriate senior member of the finance team.	A list of key reconciliations is kept. In past years some have been held in soft copy/electronic format, some have been paper copy form. Council has now converted all reconciliations and supporting information to be held in electronic form, this is to make it easier for staff and audit at year end. To avoid any confusion, for future audits wherever “requests for listings” are made, Council will provide the reconciliation from the soft copy files, rather than the listing which does not hold any reconciliation information. Note, some very historic accounts with low balances have been written off during the year ended 30 June 2023 and these will no longer be included in year end payables balances.
	ALL AREAS BELOW HAVE BEEN COMPLETED			
8	Intercompany reconciliation process	There is a risk that the intercompany balances are inaccurately measured and disclosed in the financial statements.	We recommend Council establish a formal process to reconcile and agree all intercompany balances at Council and subsidiary level on a regular basis.	Every month there is a monthly reconciliation for WestReef Ltd debtors and creditors. For the June 2022 reconciliation, the adjusting items were not taken into account correctly between WestReef Ltd and Council. For future years, Council will ensure a formal signoff process occurs for the 30 June reconciliation between both parties.
9	Review of annual report compilation	Without a formal review of the annual report and the information within, this will result in an increased risk of inaccurate reporting and disclosures, along with the significant time	We recommend the Council establish a formal process of review to ensure the initial draft of the financial statements are accurate and internally consistent.	We agree that information provided by the various Council departments should be more thoroughly reviewed by senior Council management before being incorporated into the draft Annual Report.

#	Area	Risk	EY Recommendation	Management Response – AS AT 19 April 2023
		involved in multiple versions during the preparation process.		
10	Timely extraction of data to support Drinking Water Supply performance measure	The extraction of data only at year end results in significant delays in audit procedures as the extraction is time consuming.	We recommend Council establish a formalised process to extract the SCADA data close to 30 June each year to support the annual testing results and reported measures.	This point is noted for the financial year ending 30 June 2023.
11	Timely impact assessment of new accounting standards	Without a timely impact assessment of new accounting standards there is a risk the Council is accounting and reporting financial information and service performance information incorrectly.	We recommend Council complete a formal impact assessment ahead of 30 June 2023 and the associated audit. Any changes required should be made in advance of the end of the financial year end and appropriately implemented into the Council’s processes and appropriate reporting documents i.e. annual report.	Agree. At this time the formal impact assessment has not been completed.

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 8

Prepared by: Neil Engelbrecht
Financial Accountant

Lynn Brooks
Manager Finance

Reviewed by: Douglas Marshall
Chief Financial Officer

Attachment 1 – Quarterly Financial Statement to 31 March 2023
Attachment 2 – Non Financial Performance March 2023

QUARTERLY REPORT: 31 MARCH 2023

1. REPORT SUMMARY

To provide Council with a financial performance update for the nine-month period ending 31 March 2023.

2. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the quarterly report for the nine months ended 31 March 2023 for information.

3. ANALYSIS & DISCUSSION

3.1 Statement of Financial Performance

Operating Result

Council has budgeted for a deficit of \$0.6m as at 31 March 2023. The actual result is a surplus of \$7.4m which is a favourable difference of \$8m.

Please refer to the explanation for major variances section on pages 7 – 8 of the quarterly financial statements for an analysis between major variances to budget.

4 Non- Financial Key Performance Indicators

A well-balanced reporting system includes both financial and non-financial reporting measures. Ideally non-performance reporting measures should provide information on key risk areas for Council to enable it to manage those risks more effectively.

The table of non-performance measures has been collated from the key performance indicators (KPIs) which were revised in each activity section of the 2021-2031 Long Term Plan.

Just the vital key performance indicators have been included in the table, not all of the KPIs that are included in the Long Term Plan. The rationale being that these selected KPIs highlight key risk areas of Council, and to help monitor organisational efficiency within Council. Refer to the Performance section of the attached quarterly report for details.

5.0 CONSIDERATIONS

5.1 Strategic impact

The half yearly financial reports provide an overview of Council's financial performance and position during the financial year. This allows Council to monitor trends and evaluate progress against the strategies, financial budgets and service delivery adopted in the 2021-2031 Long Term Plan.

5.2 Significance assessment

The Significance and Engagement policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant for the purpose of public consultation but is an important component of monitoring progress against the 2021-2031 Long Term Plan.

5.3 Values assessment

The Buller District Councils values are: One Team; Community Driven; We Care; Future Focussed; and Integrity.

A performance reporting system aligns most strongly with Integrity.

Public reporting of Council's performance against budgets and key performance indicators encourages open and honest discussion and decision making.

5.4 Risk analysis

Risk is assessed by considering the likelihood of an event occurring and the result of that event.

Council prepares financial budgets to balance income and spending for each financial year. Budgets are based on the best information available at the time, but subsequent financial performance will be affected by events outside Council's control during the year. Regular monitoring of financial performance reduces the risk of financial pressure on Council because income and expenditure variances are identified early and mitigating actions can be put in place as required.

5.5 Policy / legal considerations

The Local Government Act (2002) and associated regulation govern the activities of Buller Council including preparation of Long Term and Annual Plans, financial prudence requirements and annual financial reporting.

The terms of reference of the Risk and Audit Committee include monitoring financial performance to budgets.

5.6 Tangata whenua considerations

Not applicable.

5.7 Views of those affected

Council's financial budgets are consulted on with the community during Long Term and Annual Plan processes.

5.8 Costs

Because this report is for information purposes it does not generate activity or any associated costs.

5.9 Benefits

The benefits of a quarterly financial reporting regime include early identification of budget variances and intervention measures at a Council wide level.

5.10 Media / publicity

There are no media or publicity opportunities with this report.

BULLER DISTRICT COUNCIL

Financial Report (unaudited)

For the Period Ending 31 March 2023

Contents	Page 1
Statement of Financial Position	Pages 2-3
Statement of Comprehensive Revenue & Expenses	Page 4
Statement of Changes in Equity	Page 5
Statement of Cashflow	Page 6
Explanation of Major Variances	Pages 7-8

**BULLER DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Notes	Parent Mar-23 Actual \$000	Parent Full Year Budget \$000
CURRENT ASSETS			
Cash and Cash Equivalents		1,892	897
Trade and Other Receivables	1	6,577	5,980
Derivative Financial Instruments		0	0
Inventories		16	19
Other Current Assets		254	224
Short Term Investments		14,309	13,034
Assets Held for Sale		5	0
Total Current Assets		23,053	20,154
NON CURRENT ASSETS			
Investment in Council Controlled Organisations		19,538	20,216
Other Investments	2	747	0
Investment Property		10,985	10,270
Infrastructural Assets	3	421,269	379,501
Other Non-Current Assets		27,241	29,765
Derivative Financial Instruments	4	1,055	0
Deferred Tax		0	0
Intangible Assets	5	14	400
Total Non-Current Assets		480,850	440,152
Total Assets		503,903	460,306
CURRENT LIABILITIES			
Cash and Cash Equivalents		0	0
Trade and Other Payables	6	7,460	6,407
Derivative Financial Instruments	4	0	566
Tax Payable		0	0
Employee Benefits		611	721
Provisions		35	34
Current Portion of Borrowings	7	5,000	142
Total Current Liabilities		13,106	7,870
NON CURRENT LIABILITIES			
Derivative Financial Instruments	4	0	1,102
Provisions		1,981	1,836
Bond Deposits		208	334
Employee Entitlements		161	161
Deferred Tax		0	0
Borrowings	7	28,214	38,888
Total Non-Current Liabilities		30,564	42,321

**BULLER DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION (Page 2)
AS AT 31 MARCH 2023**

	Parent Mar-23 Actual \$000	Parent Full Year Budget \$000
EQUITY		
Accumulated Funds	188,594	181,994
Reserves	6,147	4,405
Asset Revaluation Reserve	265,492	223,716
Total Equity	460,233	410,115
Total Liabilities & Equity	503,903	460,306

**BULLER DISTRICT COUNCIL
STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES
FOR THE PERIOD ENDED 31 MARCH 2023**

	Notes	Parent Mar-23 Actual \$000	Parent Mar-23 Budget \$000	Parent Full Year Budget \$000
<u>CONTINUING OPERATIONS</u>				
OPERATING REVENUE				
General Rates		7,617	7,619	10,159
Targeted Rates (excluding Metered Water)		5,581	5,545	7,409
Metered Water Charges		84	120	150
Rate Penalties		106	113	235
Subsidies and Grants	8	18,129	4,305	6,906
Investment Income	9	1,849	1,626	1,735
Other Income		0	0	0
Development and Financial Contributions		150	38	53
Fees & Charges		4,107	4,035	6,080
Gain on Sale of Investment Property		0	0	158
Vested Assets		0	0	50
Total Operating Revenue		37,624	23,401	32,935
OPERATING EXPENDITURE				
Employment Costs	10	5,708	5,483	7,398
Depreciation & Amortisation		5,466	5,466	7,283
Finance Costs	15	1,156	1,040	1,408
Other Expenses	11	17,895	12,051	15,558
Assets Written Off		20	0	476
Total Operating Expenditure		30,246	24,041	32,123
Net Surplus (Deficit) from continuing operations		7,379	(640)	812
Net Surplus (Deficit) before Taxation		7,379	(640)	812
Income Tax Expense		0	0	0
Net Surplus (Deficit) after Taxation		7,379	(640)	812
Other Comprehensive Revenue & Expense				
Gain on Revaluations of Assets Held for Sale		0	0	0
Increase/(decrease) in Infrastructure Revaluation Reserves		0	0	0
Gain/(Loss) on Investment Recognised in Asset Revaluation Reserve		0	0	0
Total Comprehensive Revenue & Expense		7,379	(640)	812

**BULLER DISTRICT COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023**

	Parent Mar-22 Actual \$000	Parent Full Year Budget \$000
Equity as of 1 July	452,854	386,058
Total Comprehensive Income	7,379	(640)
Transactions with Owners recorded directly in Equity	0	0
Total Equity at End of Year	460,233	385,418
Components of Equity		
Accumulated Funds	188,594	175,368
Reserves	6,147	4,319
Asset Revaluation Reserve	265,492	205,731
Total Equity at End of Period	460,233	385,418

**BULLER DISTRICT COUNCIL
STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 31 MARCH 2023**

	Notes	Parent Mar-22 Actual \$000	Parent 2022/2023 Budget \$000
CASHFLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Rates		13,204	17,718
Other Income		20,289	13,274
Interest Received		345	435
Tax Received		0	0
Dividends & Subvention Payments Received		1,300	1,300
		35,138	32,727
<i>Cash was applied to:</i>			
Payments to Suppliers and Employers		22,091	21,691
Interest Paid		1,156	1,048
Income Tax Paid		0	0
Net GST Movement		(293)	357
		22,954	23,099
Net Cash From Operating Activities	12	12,184	9,628
CASHFLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Disposal of Fixed Assets		0	0
Investment Realised		2,242	2,161
		2,242	2,161
<i>Cash was applied to:</i>			
Purchase of Fixed Assets		16,263	14,455
Purchase of Investments		183	183
Purchase of Intangibles		0	0
		16,446	14,638
Net Cash from Investing Activities	13	(14,204)	(12,477)
CASHFLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Loans Raised		0	3,891
<i>Cash was applied to:</i>			
(Drawdown)/repayment of loans		0	145
Net Cash from Financing Activities		0	3,746
NET INCREASE (DECREASE) IN CASH		(2,021)	(897)
OPENING CASH AS AT 1 JULY	14	3,913	0
CLOSING CASH AS AT 31 MARCH		1,892	897

**BULLER DISTRICT COUNCIL
EXPLANATION OF SIGNIFICANT VARIANCES
FOR THE PERIOD ENDED 31 MARCH 2023**

1. Trade and other receivables of \$6.6m is more than the annual year budget of \$6m by \$0.6m. This is due to the timing of budget/phasing including grants receivable for projects.
2. Other investments consist of borrower notes held with LGFA of \$455k, RC bond deposits held of \$237k and shares in NZLG Insurance. These are not budgeted for but will be corrected and included in future years budgets.
3. Infrastructural assets to the value of \$421m have exceeded the annual budget of \$380m by \$41m. The increase is due to asset revaluations performed in the 2021/2022 year which does not get budgeted in the Annual Plan.
4. Derivative financial instruments only get valued at the end of the financial year, thus the current balance is the fair value as at 30 June 2022. This was budgeted to be a liability, which has turned favourable due to interest rate movements.
5. The intangible assets value in the annual budget relates to how the Council's Information Management project cost were recognised from a budget perspective. Council finance staff acknowledge interest in this accounting treatment from some councillors and will review the accounting treatment to be correct per the appropriate accounting standard as at 30 June 2023.
6. Trade and other payables of \$7.5m is more than the annual budget of \$6.4m by \$1.1m. This is due to the timing of budget/phasing including capital projects.
7. Current and non-current borrowings of \$33.2m is less than the annual budget of \$38.8m by \$5.5m. This is due to the timing of capital projects which influences the timing of the loan drawdown.
8. Subsidies and grants of \$18.13m have exceeded the year-to-date budget of \$4.3m by \$13.8m. Council has received \$12.9m of grants for flood recovery which had not been budgeted for as the tranche 2 projects funded by central government were approved after the council adopted its own annual budget in June 2022.. The remainder of the variance includes Mayor's Taskforce for Jobs and National Transition Unit funding. Refer also to the Capital Receipts and Payments report on this agenda.
9. Investment income of \$1.8m is more than the year-to-date budget of \$1.6m by \$0.2m. This is due to more favourable interest rates on term deposits compared to budget.
10. Employee costs of \$5.7m have exceeded the year-to-date budget of \$5.5m by \$0.2m. The variance includes additional wages paid for by Government funded activities such as the 3 waters reform work that council is required to undertake.

External grant funding and NEMA funded flood recovery income is higher as a result of these workstreams.

11. Other expenses of \$17.9m have exceeded the year-to-date budget of \$12.1m by \$5.8m. The variance is due to 2 major items being flood recovery work costs not included in the annual budget as the programmes of work approved after the council adopted its own budgeted and the dredge rehabilitation costs which did not occur until September 2022, while the budget for this work was expected to be undertaken prior to 30 June 2022.
12. Cashflows from operating activities actual to date \$12.2m is reported against a full year budget of \$9.628m. The positive result is due to higher grant funding received to date. There is also corresponding higher than budgeted payments to suppliers and employers for the full year.
13. Cashflows from investing activities actual to date (\$14.2m) is more than the full year budget of (\$12.5m). The result is due to the purchases of fixed assets being \$1.8m more than the total annual budget. The overspent relates mainly to flood recovery related projects that was unbudgeted for, offset by less additions in business as usual. Refer also to the Capital Receipts and Payments report on this agenda.
14. Opening cash at 1 July 2022 excludes short-term investments maturing within 3 months, and only consists of Council's trading bank balances held. This differs for the annual report which includes short-term investments maturing withing 3 months of balance date.
15. The variance between the finance costs above and the interest expense reported in the investments and borrowings report is related to internal interest charges. These net off against internal interest income in the above report, however does not get netted off in the investment and borrowings report presented.

KPI met	●
KPI not met	■

Segment	Key performance indicator	Target	Achieved	March 2023 Result
Regulatory services	Quality assurance requirements for building consent are met.	≥ 100% of building consents are technically correct and granted within statutory timeframes.	■	July 2022 96.15%, Aug, Sept, Oct, Nov, Dec, Jan and Feb 100%. The result for March 2023 was 95.55%. The average for the period is 99.08%. The statutory time frame for BC has been exceeded for the following reason: Email was received in Buller that was not transferred to Alpha for review.
		≥ Continue to retain accreditation by passing the biennial IANZ Audits.	●	Biennial IANZ Audit Passed Dec 2021. Passed accreditation despite the flood and and COVID relates setbacks.
Roading & transport	Maintaining safety quality of the road network	No changes or reduction in the safety quality of the roading network from the previous financial year.	●	New asset management contract for roading and Bridges. No extra grading required. Recently completed reseal programme has improved vehicle traction.
Water supplies	Maintain safe drinking water standards.	≥ Full compliance (100%) with the Drinking Water Quality Assurance (bacteria compliance criteria)	■	<p>Large water supplies: Westport and Reefton Water - Achieved ≥ Full compliance (100%) with the T3 Drinking Water Quality Assurance (bacteria compliance criteria) - achieved.</p> <p>Medium water supplies: Punakaiki, Little Wanganui and Waimangaroa Water - Not achieved ≥ Full compliance (100%) with the T2 Drinking Water Quality Assurance – not achieved, Punakaiki UV non-compliance, other supplies non-treated.</p> <p>Small water supplies: Inangahua and Mokihinui Water - Not achieved ≥ Full compliance (100%) with the T1 Drinking Water Quality Assurance – Inangahua achieved, Mokihinui not achieved</p>
		≥ Full compliance (100%) the with Drinking Water Quality Assurance rules (protozoa compliance criteria)	●	<p>Large water supplies: Westport and Reefton Water - Achieved ≥ Full compliance (100%) with the T3 Drinking Water Quality Assurance (protozoa compliance criteria) - achieved.</p> <p>N/A to medium and small water supplies.</p>
Wastewater	Wastewater and sewerage systems provide adequate capacity in relation to dry weather overflows.	Less than five sewerage overflows per 1,000 connections.	●	Expected to have achieved, based on partial analysis. There have been a lot of weather events that have had a negative impact; the dry weather performance is at adequate capacity, but note further developments in Westport need to be balanced against wet weather capacity. characterise and then correct problems. Improvements are expected to be significant in the next two quarter.

Segment	Key performance indicator	Target	Achieved	March 2023 Result
Stormwater	The number of flooding events in the stormwater systems is managed to a target level of service set in the performance measure.	For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected Councils stormwater system) is not more than five houses flooded for each event.	●	Expected to have achieved, based on partial analysis. There have been a lot of weather events that have had a negative impact. Ongoing recovery works have been delayed due to funding. Improvements are expected to be significant in the next two quarter.
Solid waste	Ensure ethical, economical, and efficient waste management service	100% compliance with regulations set in the RMA, and the resource consents and environmental national regulations.	■	Not achieved. The non compliance issues relate to the former Birchfield Landfill site. It is challenging to achieve compliance currently.
	Concepts of sustainability and social responsibility are equally valued alongside cost.	Undertake two community engagement events, and two community education events to encourage the reduction of waste generated and increase of diversion from landfill.	●	On track to achieve by the end of the financial year: Composting workshop undertaken in January 2023. Bins Audit Programme executed since December 2022 to end of February 2023. Illegal Dumping campaign during summer 2022/2023. Council is currently in the process of installing recycling facilities in Maruia and this process includes community education which is expected to commence in late May 2023.
Community services	The community feels informed, included, and empowered to access Council services and resources.	A biennial customer satisfaction survey will be carried out, and will ask how satisfied the community is with the information they receive from Council and their opportunities to engage with Council.	●	The survey has been carried out as planned. Report with results will be presented by June as planned. (Noting there was an issue with the survey responses).
Governance, representation		≥ Meet statutory deadlines for councils LTP, AP before 30th June in each respective year.	●	Achieved
	Provide annual budgeting and financial planning processes.	≥ Meet statutory obligations for requests for information under LGOIMA, greater than or equal to 90% of the time.	●	90% Target achieved.
		≥ To meet legislative requirements for strategic planning workshop held with Councillors.	●	Achieved
Support Services	High functioning Health and Safety committee that empowers employees, contractors, and visitors.	100% compliance with health and Safety Work Act 2015 (HSWA 2015).	●	100% Compliance achieved.

Segment	Key performance indicator	Target	Achieved	March 2023 Result
Property	The district's parks, reserves, cemeteries and other amenities are maintained to ensure we are providing compliant, safe and vibrant social spaces for the Community and visitors.	Receive and review monthly reports from the Reserves and Public Amenities Contractor. An up-to-date register of Council owned and operated buildings and associated infrastructure is maintained.	●	Service requests continue to be monitored and reviewed for trends. Buildings and fleet register is regularly updated and assets reviewed in line with policy. Contractor reports are checked each month and quarterly meetings held to monitor obligation.
Commercial infrastructure- airport	An airport facility that is safe, compliant and available for use. Providing a high level of customer service and community opportunity.	Complete an annual customer survey. Retain CAA certification 100% of the time. Judged against projected income and expenses	●	CAA approval of SMS as being Present and Suitable (next 12 months to show SMS is operating and effective.) Continued positive customer feedback. The customer survey has not been undertaken yet in this financial year.
Buller Holdings Limited	Achieving budget revenue and expenditure.	Operate within budget	●	To date operating within budget. Latest financials received are up to period ended 31 March 2023.
	Delivery of unaudited quarterly reports by due date.	Provision of quarterly reports to Council by due dates.	●	Achieved

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 9

Prepared by Julia Gear
Management Accountant

Lynn Brooks
Manager - Finance

Reviewed by Douglas Marshall
Chief Financial Officer

Attachment 1 – Monthly Capex Report (2023-03 Capital Income and Expenditure)
Attachment 2 – CEO KPI's

CAPITAL RECEIPTS AND EXPENDITURE REPORT TO MARCH 2023

1. REPORT SUMMARY

This report presents an overview of the capital receipts and expenditure results compared to the annual budget for the nine months ending 31 March 2023. Any variances forecast for the following three months to 30 June 2023 are highlighted.

The attached information also reports on the Chief Executive Key Performance Indicators.

Where variations to the budget are identified, Council approval is requested. Any such variations are due to extraordinary events or unforeseen matters arising throughout the year.

2. RECOMMENDATION

That the Risk and Audit Committee receive the capital receipts and expenditure report to 31 March 2023 for information.

3. ISSUES & DISCUSSION

There are no variances to budget identified which require an approval from Council as at 31 March 2023. It should be noted that the Chief Executive KPI to achieve the total capital expenditure budget within +/- five percent, will not be achieved this financial year because the planned delivery timeframe for various projects has been extended. The expected total capital expenditure is estimated to be 82% of this year's Annual Plan budget and prior year carryover budgets. The unspent portion will be carried forward into the next financial year.

3.1 Total Results

Total results for the year to date are set out in the table below:

	YTD Actual	YTD Budget	YTD Variance	YTD Status	Full Year Prediction	Full Year Budget	Full Year Forecast Variance to Budget
Capital Funding, Subsidies & Grants	2,136,715	4,468,458	(2,331,743)	■	6,240,292	8,842,823	71%
Total Capital Expenditure	13,991,595	20,583,500	6,591,905	●	22,414,173	27,444,644	82%
Unbudgeted Flood Recovery Capital Funding	11,473,204	0	11,473,204	●	15,294,458	0	N/A
Unbudgeted Flood Recovery Expenditure	11,261,101	0	(11,261,101)	■	15,294,458	0	N/A
Unbudgeted Better Off & IAF Capital Funding	104,661	0	104,661	●	935,000	0	N/A
Unbudgeted Better Off & IAF Capital Expenditure	104,661	0	(104,661)	■	935,000	0	N/A

Flood recovery, IAF and Better Off projects are not part of Council’s adopted Annual Plan and therefore do not appear within it.

A detailed schedule of capital receipts and expenditure with corresponding budgets is attached in Attachment 1.

3.2 Variations

There are no significant variations to the budgets set in the Annual Plan, however the planned delivery timeframe for various projects has been extended. Further detail is included in Attachment 1. The report is broken into three sections to firstly show Business-as-usual, followed by flood recovery and the new tranches of “Better Off” and IAF funding.

In addition to the funding and expenditure planned for in the Annual Plan, Council will receive funding from NEMA, MBIE, Waka Kotahi, IAF and the Better Off package to fund capital projects this year. \$3.5m of Better Off funding has been allocated to Council via the three waters reform support package, of which \$2.5m will be allocated to capital projects, and approximately a third of this will be spent this financial year. \$13.6m from the Infrastructure Acceleration Fund (IAF) will fund the transport and infrastructure connections between Alma Rd and town. This project is in the initial stages and will be continued over the next three years.

Funding from NEMA and Waka Kotahi will be used to deliver the capital projects within the flood recovery programme agreed with the funding parties.

The budgets for the flood recovery roading projects are an allocation of the overall roading programme. The projects have been grouped into bundles and the funding may be reallocated within those bundles.

3.3 Chief Executive KPIs

This report also includes details about the Chief Executive Key Performance Indicators (KPIs) which relate to capital expenditure.

The Chief Executive KPIs are in place to ensure significant capital expenditure is diligently managed.

The KPIs are:

- 1 Capital expenditure projects over \$750,000 must be achieved within +/- five percent.
- 2 Changes which are +/- five percent of a project must be approved by Council; and
- 3 The total capital expenditure budget must be achieved within +/- five percent.

KPI's 1-2 are detailed in Attachment 2 in Tables 1-2. KPI 3 is presented in 3.1 Total Results.

It is noted that the full year capital expenditure prediction, including both budgeted Council-funded projects and non-budgeted externally-funded projects is \$38,643,631.

While the forecast is to spend 82% of the Council-funded capital budget and therefore not meet the 95% KPI, Council is forecast to deliver a capital works programme this financial year that totals 140% of the amount it had budgeted to spend.

4. CONSIDERATIONS

4.1. Strategic Impact

The capital income and capital expenditure report provides an overview of the provision of capital expenditure projects and helps readers to understand if the position taken in the long-term plan (where the strategic overview is to build a strong economy with resilience, growth, providing quality infrastructure and investing to make our towns liveable and affordable) is apparent.

The provision of capital projects within timeframes and approved budgets provides a measure against this core strategic priority and its probable long-term impact on our community.

4.2. Significance Assessment

The significance and engagement policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant as it is a monitoring report only.

4.3. Risk Analysis

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

Capital projects are perceived to have some greater than usual potential to place council at risk as the funds involved are usually significant. The project may be an irregular or unusual kind; therefore, the costings may need to be revised as the work progresses. The scale of capital projects may result in project delays which result in Council not delivering the assets or services as envisioned in Long Term or Annual Plans.

This risk is mitigated by the senior leadership team receiving regular reports on the projects, therefore acting on any issues that arise early on to ensure project progress is well understood by staff and governance.

There is a much higher work programme this year due to the external funding that has been received. All the budgets for the projects have included provision for external assistance and support from qualified project managers to reduce the risk of delays due to capacity constraints.

4.4. Policy / Legal Considerations

The Local Government Act 2002 governs the activities of Buller District Council and sets out the requirement for consulting on the annual plan and long-term plan to agree the budget and the key performance indicators with the community.

This report assists with two key purposes of that Act (located at section 3) stating the purpose of the Act is to promote the accountability of local authorities to their communities and provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

4.5. Values

The Buller District Council values are: We Care, Integrity, One Team, Community Driven and Future Focussed. This report aligns with those values as it presents information about the capital projects for our community.

4.6 Tangata Whenua Considerations

The contents of the report are not a matter requiring consultation with tangata whenua.

4.7 Views of those Affected

Council's capital projects are consulted on with the community during Long Term and Annual Plan processes.

4.8 Costs

There are no known extraordinary costs for the capital projects predicted at this stage of the financial year other than what has been included above.

4.9 Benefits

The benefits of reviewing the capital income and expenditure periodically are that the capital projects and their funding are monitored at a Council wide level.

4.10 Media / Publicity

There is community interest in the delivery of Council's capital works programme, and this report provides an opportunity to communicate with the community on how the programme is progressing.

Attachment 1

	YTD Actual	Net Available Budget as at 30 June 2022	YTD Annual Plan Budget	YTD Total Budget	YTD Variance	YTD Status	Full Year Prediction	Full Year Budget	Full Year Forecast Variance to Budget	Explanation of Variances of \$50,000 or great
Capital Funding										
Community Services	0		0	0	0	▲	0	0	0	
Westport Harbour	193,968		0	0	193,968	●	345,000	0	345,000	Full year forecast variance: MBIE funded Port Precinct project
Water Supplies	0		1,138,064	1,138,064	(1,138,064)	■	2,582,867	2,276,128	306,739	Full year forecast variance: \$206k MOH funding and \$100k loan for Reefton Whole of Supply Upgrade. YTD variance: Loan funding for Westport Trunkmain \$1.65m, Reefton whole of supply upgrade \$645k & Punakaiki \$80k. All funding and loans not drawn down yet
Airport	0		0	0	0	▲	0	0	0	
Community Facilities	182,873		324,262	324,262	(141,390)	■	294,860	587,552	(292,692)	Funding received to date: MBIE grant Halls & War Memorials and TIF grant for Reefton Toilets. Full year forecast variance: additional \$240k unbudgeted TIF funding for Reefton toilets. \$510k loan funding for Carnegie Library will not be drawn down this year
Roading & Urban Developmen	1,646,019		1,849,932	1,849,932	(203,913)	■	2,800,156	3,666,743	(866,587)	Full Year Budget: Waka Kotahi funding, \$300K TIF funding for Westport Town Precinct & Pathways & \$260k Loan Funding for District Revitalisation. Full Year prediction reduced from original full year budget due to three year roading programme timing
Infrastructure Delivery	8,696		0	0	8,696	▲	0	0	0	Sale of motor vehicle
Regulatory Services	0		0	0	0	▲	0	0	0	
Solid Waste	81,450		35,700	35,700	45,750	▲	193,700	71,400	122,300	MFE grant Karamea Weighbridge, Loan funding Maruia transfer station. Full Year forecast variance for MFE C&D Waste Project and waste minimisation levy used for Karamea Landfill capex and Maruia recycling facility
Support Services	23,709		0	0	23,709	▲	23,709	0	23,709	Vehicle sale
Wastewater	0		1,120,500	1,120,500	(1,120,500)	■	0	2,241,000	(2,241,000)	Loan funding for Westport Wastewater will be drawn down at a later date.
Stormwater	0		0	0	0	▲	0	0	0	
Total Capital Income	2,136,715		4,468,458	4,468,458	(2,331,743)	■	6,240,292	8,842,823	(2,602,531)	
Capital Expenditure										
Community Services	241,267	35,000	127,364	162,364	(78,903)	■	279,256	276,995	(2,261)	Full Year Budget: Includes website, library books, NBS Theatre roof over budget by \$22k due to contractor shortages and rising costs, mitigated by surplus in other capital budgets
Westport Harbour	193,968	0	0	0	(193,968)	■	345,000	0	(345,000)	Full Year Forecast Variance: MBIE funded Port Precinct project.
Water Supplies	7,833,074	7,682,272	1,801,338	9,483,610	1,650,536	●	11,311,543	11,104,804	(206,739)	Full year budget: Includes Westport Trunkmain projects. Full year prediction: includes expenditure funded by MOH for Waimangaroa Upgrade.
Airport	39,649	0	67,130	67,130	27,481	▲	127,544	127,544	0	Carpark reseal to be completed
Community Facilities	916,511	3,380,714	1,093,882	4,474,596	3,558,086	●	1,768,135	5,459,071	3,690,936	Full year forecast variance: Approximately \$3.5m of the forecast variance relates to budget that will be carried into the next financial year to complete work in progress
Roading & Urban Developmen	2,518,608	(59,839)	2,207,626	2,147,787	(370,821)	■	3,578,608	4,301,428	722,821	YTD Variance: due to 3 year roading programme timing. Full year forecast variance: Prediction reduced for this year's portion of 3 year roading programme and deficit in district revitalisation in previous year
Infrastructure Delivery	0	0	469	469	469	▲	890	890	0	
Regulatory Services	55,827	40,000	21,051	61,051	5,224	▲	108,137	80,000	(28,137)	2x Vehicle purchases
Solid Waste	149,690	159,464	118,109	277,573	127,883	●	495,014	383,865	(111,149)	Karamea Landfill Upgrade, Westport/Reefton Asset Maintenance & C&D Waste Project work in progress. Full Year forecast variance: \$85k C&D Waste Project with funding from MFE, \$85k externally funded Karamea landfill project, \$16k waste levy funded recycling facility at Maruia, \$71k may be carried forward for Maruia
Support Services	146,735	114,037	101,538	215,575	68,840	●	306,958	306,958	0	IT projects
Wastewater	1,461,446	1,433,478	1,699,559	3,133,037	1,671,591	●	3,452,613	4,662,613	1,210,000	Full year forecast variance: Westport Wastewater projects to be completed next financial year. Budget to be carried forward to complete projects
Stormwater	434,819	360,112	200,195	560,307	125,487	●	640,475	740,475	100,000	Full year forecast variance: Stormwater projects to be completed next financial year. Budget to be carried forward to complete projects
Total Capital Expenditure	13,991,595	13,145,239	7,438,261	20,583,500	6,591,905	●	22,414,173	27,444,644	5,030,471	
Flood Recovery Funding, Subsidies & Grants										
Flood Recovery Funding, Subsidies & Grants	11,473,204		0		11,473,204	●	15,294,458	0	15,294,458	NEMA Tranche 2 projects, MBIE funded housing & Waka Kotahi funded roading projects.
Total Flood Recovery Funding, Subsidies & Grants	11,473,204		0		11,473,204	●	15,294,458	0	15,294,458	
Flood Recovery Expenditure										
Flood Recovery Expenditure	11,261,101		0		(11,261,101)	■	15,294,458	0	(15,294,458)	NEMA Tranche 2 projects, MBIE funding & Waka Kotahi funded roading projects. Includes \$2.66m of WIP from last financial year
Total Flood Recovery Expenditure	11,261,101		0		(11,261,101)	■	15,294,458	0	(15,294,458)	
Better Off & IAF Funding										
Better Off & IAF Funding	104,661		0		104,661	●	935,000	0	935,000	
Total Better Off Funding	104,661		0		104,661	●	935,000	0	935,000	
Better Off & IAF Capital Expenditure										
Better Off and IAF Expenditure	104,661		0		(104,661)	■	935,000	0	(935,000)	Costs to date for smoke testing in Westport, Civil Defence equipment & initial IAF project costs.
Total Better Off Expenditure	104,661		0		(104,661)	■	935,000	0	(935,000)	

Key
 ● Favourable variance + \$50k or more
 ■ Unfavourable variance - \$50k or more
 ▲ Neutral variance +/- \$50k

Attachment 2 - CEO KPI's

Capital expenditure projects over \$750,000 must be achieved within +/- five percent													
Over \$750,000 Project	Project Budget	Project Expenditure to Date (March 2023)	Project Status or Percentage of Completion	Percentage of Budget Spent									
Waimangaroa Water Upgrade	\$2,519,912	\$1,477,231	<p>To be completed this financial year within budget</p> <table border="1"> <thead> <tr> <th></th> <th>Initial Funding</th> <th>Final funding</th> </tr> </thead> <tbody> <tr> <td>BDC</td> <td>2,300,000</td> <td>2,313,173</td> </tr> <tr> <td>MoH</td> <td>-</td> <td>206,739</td> </tr> </tbody> </table> <p>Waimangaroa water supply budgets have been revised a number of times during the period of the Long Term Plan. Revisions can occur during a projects life but it is important to ensure that changes to upgrade budget, and the associated funding, are correctly recorded. Council staff reported to council in April 2023 that 3 waters "better off" funding was not available to Waimangaroa as DIA ruled that the funding was a swap for previously approved council funding and thus a rates subsidy. Finance staff are working through the implications of this reduction in funding plus are also checking that the MoH funding noted above has been advised to the council formally and is in line with the project scope. A report providing certainty as to funding for this upgrade is expected to be with council by June 2023.</p>		Initial Funding	Final funding	BDC	2,300,000	2,313,173	MoH	-	206,739	58.62%
				Initial Funding	Final funding								
BDC	2,300,000	2,313,173											
MoH	-	206,739											
Forecast cost to complete: \$1,042,681													
Westport Trunkmain Terrace project	\$1,325,980	\$1,220,444	Project complete within budget	92.04%									
Westport Trunkmain Town project - Stage 1a	\$3,430,000	\$3,445,036	Original \$5.08m budget divided into two stages as early commissioning of pipeline was completed for Stage 1a section of the Trunkmain in December. Remainder of budget/project represented in Stage 1b below.	100.44%									
Westport Trunkmain Town project - Stage 1b	\$1,650,000	\$543,667 Forecast cost to complete: \$1,106,333	Project in progress. Expected to complete within budget this financial year.	32.95%									
Westport Wastewater Pipeline & Pumpstation	\$2,241,000	\$497,603	Consent application submitted. Project will be completed next financial year.	22.20%									
Temporary Village Alma Road	\$7,530,000	\$6,702,921	MBIE and NEMA funded. Internal infrastructure is complete with practical completion being attained in December 2022. External infrastructure defect remedials to be completed with water pipeline extension currently being designed, with the intent of being completed this year, within budget.	89.02%									
Reefton Historic Landfill	\$1,324,000	\$336,200 Forecast cost to complete: \$987,800	Flood recovery project. \$1.074m funded by NEMA. Additional \$250k approved to construct WSP minimum recommended design. Construction works to be completed in July.	25.39%									
Eastern Tiphead rock wall repair	\$1,000,000	\$741,176 Forecast cost to complete: \$258,824	NEMA funded flood recovery project. Work to repair with Eastern Tiphead wall was completed in March. Revegetation to be completed, within budget.	74.12%									
Kawatiri Wharf Flood Repairs	\$5,920,000	\$140,354 Forecast cost to complete: \$5,778,594	NEMA funded flood recovery project. Preliminary design completed. Access to site improved as Kiwirail has commenced demolition of their adjacent buildings. Expected to complete project within budget in 2024.	2.37%									
Bluff Seven Sisters: Flood Recovery Roding Programme	\$1,777,504	\$438,516	NZTA funded flood recovery project.	24.67%									
Denniston Road 4 Underslip: Flood Recovery Roding Programme	\$1,008,236	\$84,208	NZTA funded flood recovery project.	8.35%									
Denniston Road 2: Flood Recovery Roding Programme	\$756,549	\$63,085	NZTA funded flood recovery project.	8.34%									
IAF Alma Rd transport and infrastructure connection total project	\$13,600,000	\$35,025	IAF funded project in initial stages.	0.26%									

Table 2: KPI 2

Changes which are +/- five percent of a project must be approved by Council				
Project +/- five percent	Project Budget	Projected Expenditure	Project Status or Percentage of Completion to Date	Required Variation and Approval Status
Punakaiki Land	\$0	\$285,807	Unbudgeted legal cost on land acquisition under Public Works Act. Not yet complete.	Costs require Council approval when resolution reached

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 10

Prepared by Neil Engelbrecht
Financial Accountant

Lynn Brooks
Finance Manager

Reviewed by Douglas Marshall
Chief Financial Officer

INVESTMENTS AND BORROWINGS – As at 31 March 2023

1. REPORT SUMMARY

This report summarises Council's cash investments and borrowings for the month of March 2023, and compliance with Council treasury management policy.

2. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the Investments and Borrowings report as at 31 March 2023 for information.

3. ISSUES AND DISCUSSION

3.1 Term Investments

Total term investments (including call account and other loans) have increased by \$1.095m since the last report to 28 February 2023 from \$16.913m to \$18.008m at 31 March 2023. The call account increased by \$1.05m from \$750k at 28 February 2023 to \$1.8m at 31 March 2023. The increase is due to surplus funds at a point in time being managed and invested in the call account to obtain higher interest rates. The \$45k remainder of the movement relates to a renewal of a LGFA borrower note, which increased with \$45k from \$80k to \$125k.

3.2 Bank Balance

Council's main trading account closing balance have decreased by \$1.442m since the last report to 28 February 2023. The balance decreased from \$1.351m at 28 February 2023 to (\$91k) at 31 March 2023. All of Council trading account closing balances at the end of March was (83k). The bank account was in credit balance at month end for one day only and it was due to the timing of a creditor payment.

3.3 Interest Revenue

Interest revenue to the end of March is \$545k against a YTD budget of \$507k and a full year budget of \$797k.

Council continues to reinvest term investment funds at the most favourable interest rate when deposits are available for renewal. The improving interest rates are reflected in the interest revenue for the year.

3.4 Borrowings and Net Debt Position

Total borrowings remain at \$33.2m.

Net debt (borrowings less term investments and call account balance) has decreased by \$1.095m since last reported from \$17.901m to \$16.806m due to the call account movement noted above of \$1.050m. The \$45k remainder of the movement relates to a renewal of a LGFA borrower note, which increased with \$45k from \$80k to \$125k.

3.5 Compliance with Treasury Management Policy

The Treasury Management Policy of Council is that all term deposits are held with New Zealand Registered banks with no more than \$10 million with any one institution. The terms and maturity dates of investments are spread to minimise Council's exposure to interest rate fluctuations while still aiming to optimise interest earned.

Council has approved the investment in Nelson Building Society (NBS) which is a breach of the Treasury Management Policy. The policy limits investments in Building Societies to a total of 10% of the portfolio and an individual Building Society to be no more than the lower of \$1m or 4% of its asset base.

Currently investments in NBS total \$3.468m representing 25% of the total investment portfolio. This planned breach will continue as investments mature and are rolled over as this level of investment is part of a sponsorship agreement.

4. CONSIDERATIONS

4.1 Strategic Impact

It is important that Council retains suitable cash holdings and credit facilities to ensure its activities and capital projects can be funded in a timely and affordable manner.

4.2 Significance Assessment

The significance policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant because the matters disclosed are of a routine nature, and not large in terms of total assets and total annual operations of council.

4.3 Values Assessment

The Buller District Councils values are: One Team; Community Driven; We Care; Future Focussed; and Integrity.

Treasury management functions and reporting align most strongly with the values of Future Focussed and Integrity.

Consideration of current and future cash requirements and intergenerational equity are required when managing cash deposits and credit facilities.

Public reporting of investments and borrowings encourages open and honest discussion and decision making.

4.4 Risk Analysis

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

Cash flow management is an integral part of ensuring Council is able to deliver the services and projects it has committed to in successive Long Term and Annual Plans.

This risk is mitigated by establishing policies and procedures, engaging staff to manage investment and borrowings and regular reporting to Council to ensure high level oversight.

4.5 Policy / Legal Considerations

The Local Government Act 2002 and associated regulations prescribe prudent financial management and nationwide benchmarks. The financial prudence benchmarks are now compulsory sections included in Council Long Term/Annual Plans and Annual Reports.

Council's Investment Policy and Treasury Policy govern the management of cash assets and borrowings.

4.6 Tangata Whenua Considerations

None identified.

4.7 Views of Those Affected

Council's financial strategies, investment levels and borrowing projections are included in the Long-Term Plan and Annual Plan consultation processes.

4.8 Costs

There are no extraordinary costs relating to investments and borrowings.

4.9 Benefits

The benefits of structured Treasury management include risk minimisation, prudent cash management and long term financial stability.

4.10 Media / Publicity

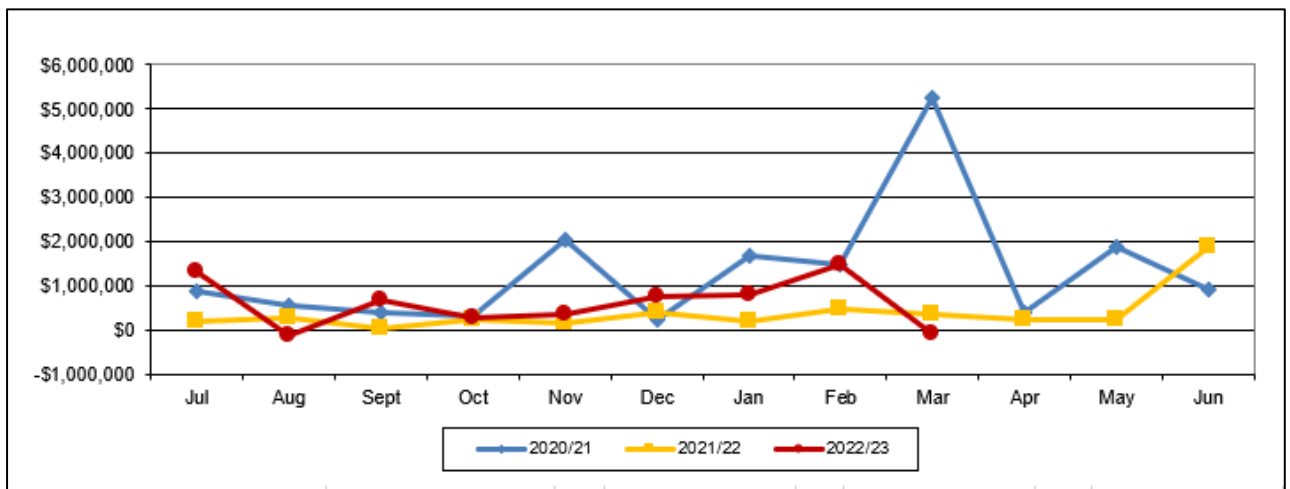
None identified.

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 31-Mar-23	Last Report 28-Feb-23	Last Year 30-Jun-22
Trading Account Council	(\$90,758)	\$1,351,652	\$1,866,900

2. MONTH END BANK BALANCES



3. SUMMARY OF INVESTMENTS

	This Month 31-Mar-23	Last Report 28-Feb-23	Last Year 30-Jun-22
Term deposits	14,107,472	14,107,472	16,377,141
LGFA Borrower Notes	500,000	455,000	455,000
Call Account	1,800,000	750,000	700,000
Balance before other loans	16,407,472	15,312,472	17,532,141
Other investments (Includes loan to Holding Company)	1,600,982	1,600,982	1,610,982
Total Investments	\$18,008,454	\$16,913,454	\$19,143,123

3.1 Term Deposits

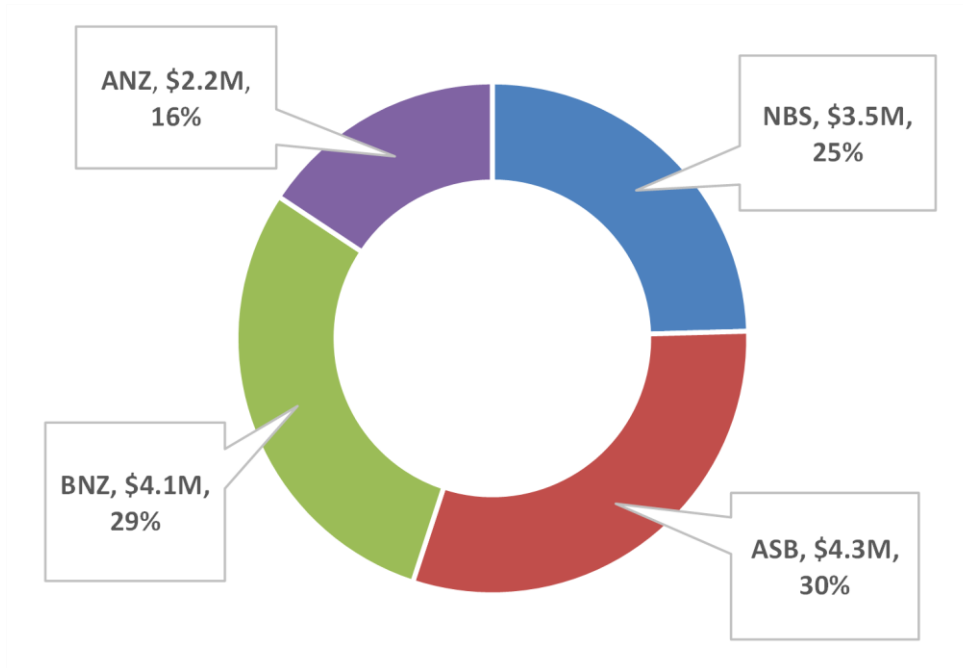
Investment Type	Counterparty	Amount	Start Date	Maturity Date	Fixed Interest Rate
Term Deposit	BNZ	500,000	8-Apr-2022	8-Apr-2023	2.70%
Term Deposit	NBS	400,000	4-May-2022	4-May-2023	2.70%
Term Deposit	ANZ	1,000,000	4-May-2022	4-May-2023	2.70%
Term Deposit	NBS	1,000,000	29-Jun-2022	29-Jun-2023	3.65%
Term Deposit	BNZ	1,000,000	30-Jun-2022	30-Jun-2023	3.65%
Term Deposit	NBS	1,534,038	18-Jul-2022	18-Jul-2023	3.65%
Term Deposit	ANZ	1,199,821	10-Oct-2022	9-Oct-2023	4.10%
Term Deposit	ASB	1,000,000	12-Oct-2022	12-Oct-2023	4.20%
Term Deposit	NBS	534,038	13-Dec-2022	13-Jun-2023	4.50%
Term Deposit	ASB	977,776	23-Dec-2022	23-Jun-2023	4.55%
Term Deposit	ASB	1,000,000	23-Jan-2023	26-Aug-2023	4.90%
Term Deposit	BNZ	1,636,800	4-Mar-2023	4-Jun-2023	5.25%
Term Deposit	ASB	1,325,000	6-Mar-2023	13-Sep-2023	5.63%
Term Deposit	BNZ	1,000,000	10-Mar-2023	5-Nov-2023	4.70%
Total Term Deposits		14,107,572			

The objective of this table is to show a trend of rising interest rates over the past 12 months.

There was 1 term deposit maturing at the beginning of April, which have been renewed on the following terms:

- BNZ - \$500,000 renewed for 6 months until 7 October 2023 at 5.10% per annum.

3.2 Term Deposits Summary by Trading Bank



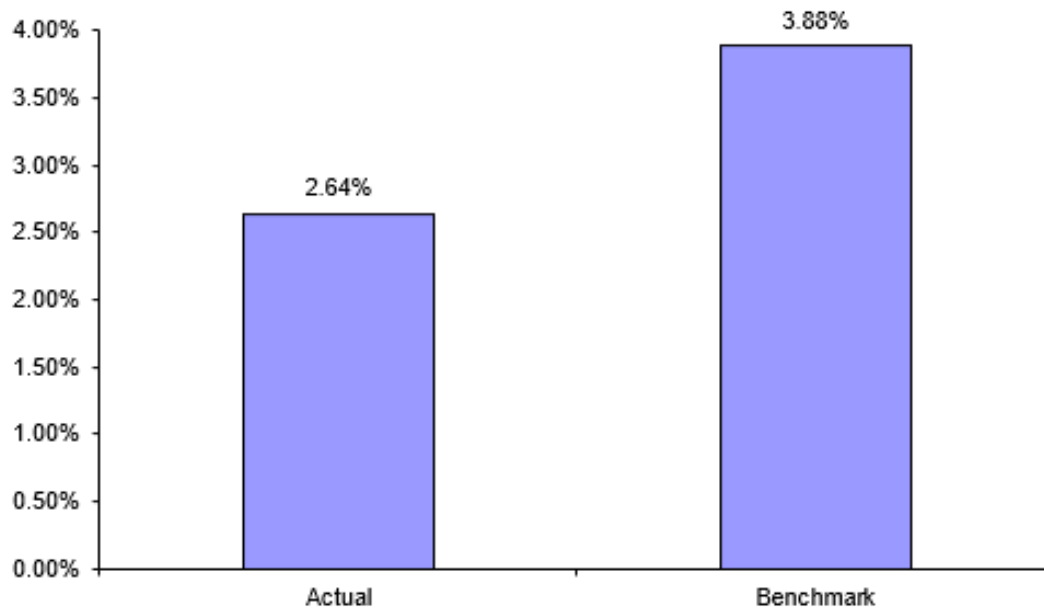
The maximum allowable investment per issuer is \$10m.

3.3 Local Government Funding Agency Borrower Notes

Investment Type	Counterparty	Amount	Maturity Date	Floating Interest Rate
LGFA Borrower Note	LGFA	125,000	1-Mar-2024	4.80%
LGFA Borrower Note	LGFA	125,000	1-Mar-2025	4.83%
LGFA Borrower Note	LGFA	125,000	1-May-2026	4.65%
LGFA Borrower Note	LGFA	125,000	1-Mar-2027	4.99%

There was one borrower note and the related loan with LGFA that matured during March 2023. The borrowings of \$5m and the related borrower note issued at \$125k has been renewed for a period of 2 years.

4. INVESTMENTS PORTFOLIO PERFORMANCE (12-Month Average)



5. INTEREST REVENUE AND EXPENSE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$545,019	\$507,014	\$796,699

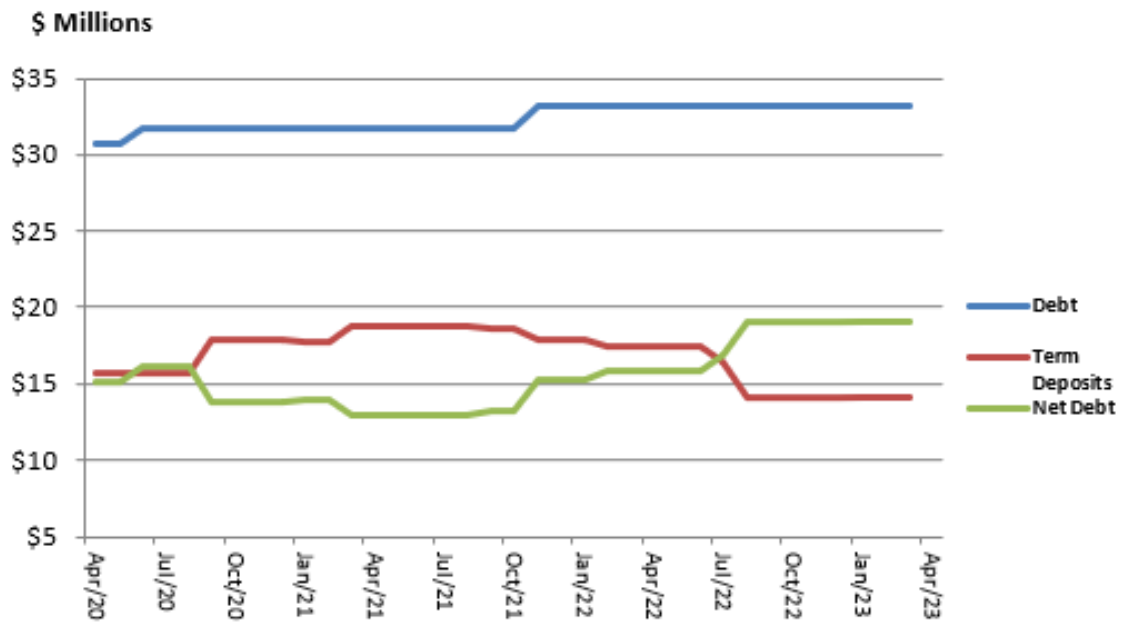
	Actual YTD	Budget YTD	Budget Full Year
Interest Expense	\$1,233,190	\$1,167,490	\$1,755,372

6. SUMMARY OF BORROWINGS

	This Month 31-Mar-23	Last Report 28-Feb-23	Last Year 30-Jun-22
External Debt			
Westpac Loan Facility	13,213,860	13,213,860	13,213,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
	\$33,213,860	\$33,213,860	\$33,213,860
Weighted Average Interest Cost	4.85%	4.74%	4.07%

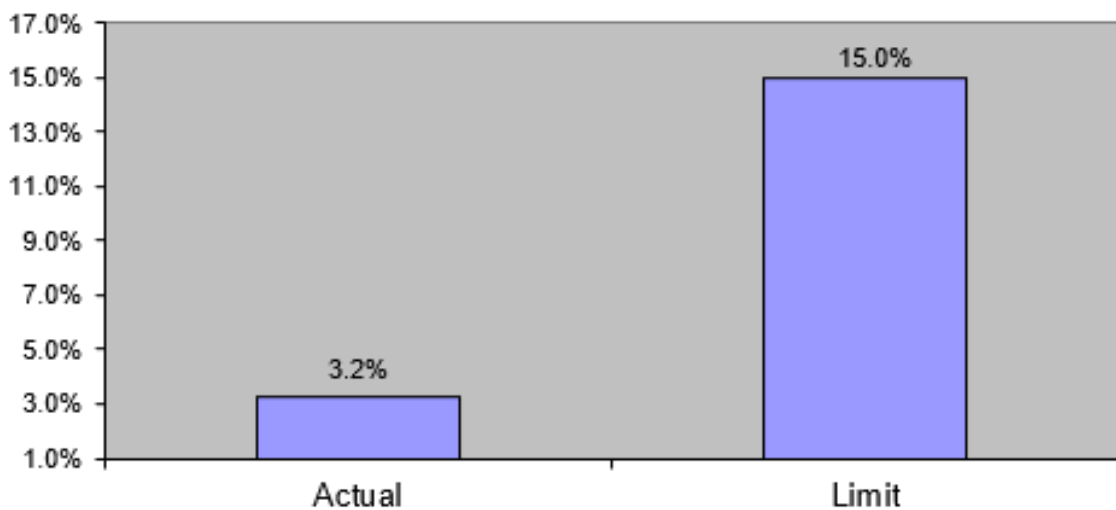
Net Debt			
Total Borrowings	33,213,860	33,213,860	33,213,860
Less: Term deposits (including Call Account)	16,407,472	15,312,472	17,532,141
	\$16,806,388	\$17,901,388	\$15,681,719

7. DEBT AND INVESTMENTS 3-YEAR TREND

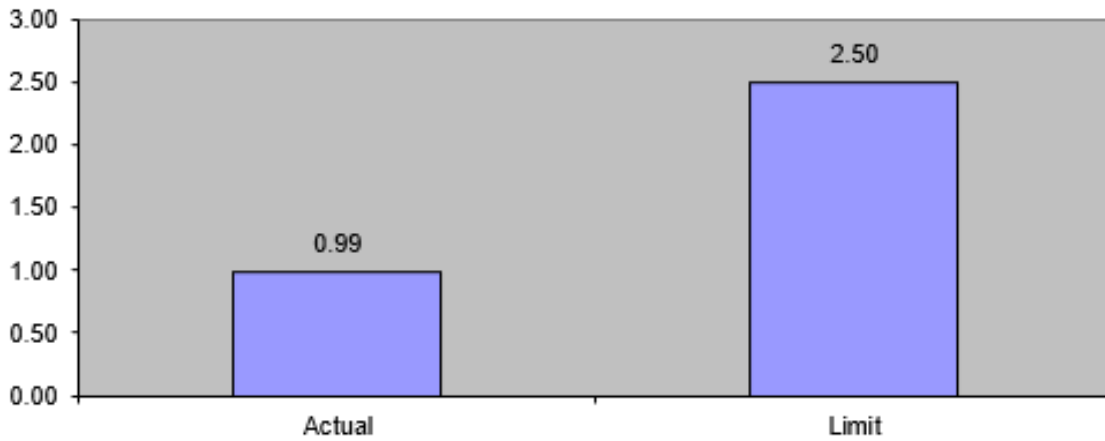


The above graph reports net debt as: gross debt held with external parties; less terms deposits excluding the call account. The definition used by this graph is in line with Council's Treasury Policy but differs from how investments and net debt are expressed in other parts of this report that include the call account.

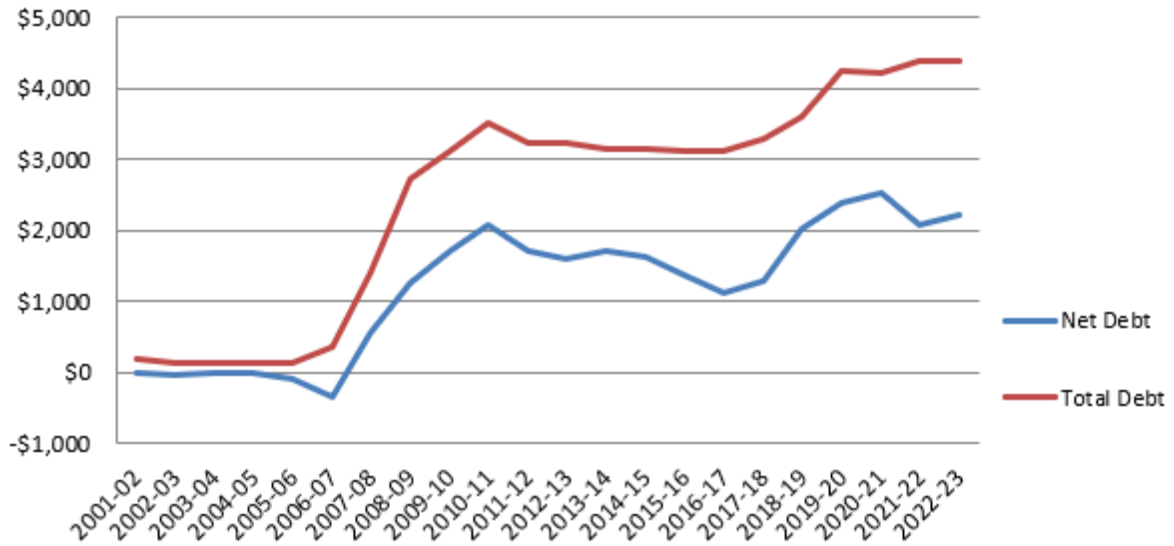
7.1 Interest Expense / Total Income



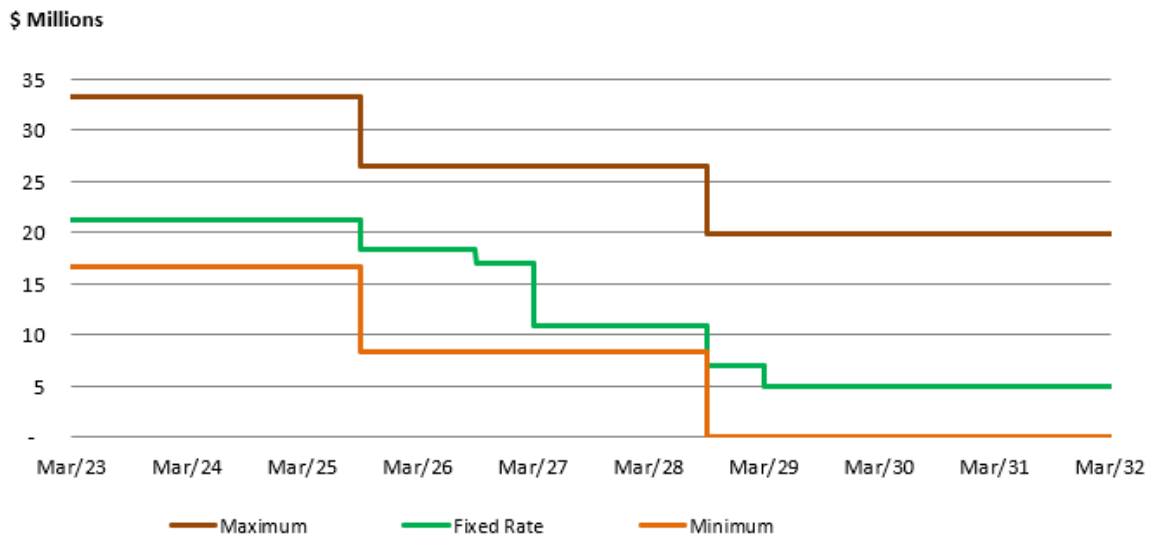
7.2 Gross Debt / Total Income



7.3 Debt and Net Debt per Rateable Property



7.4 Fixed Rate Debt - Compliance with Treasury Policy



RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 11

Prepared by: Douglas Marshall
Chief Financial Officer

Reviewed by: Rachel Townrow
Acting Chief Executive Officer

LEASEHOLD PROPERTIES - EXTENDED 20% DISCOUNT OFFER

1. REPORT SUMMARY

On the past 4 years, the Council has adopted recommendations to allow a sale discount of 20% of the independently assessed market value of each leasehold property.

This special discount was granted in June 2019 until 30 June 2021, and then again in April 2021 to June 2023.

That resolution allows the owners of leasehold property to buy the land they lease at a discounted rate. The discount was offered to increase the uptake of leaseholders buying the land they occupy.

This report requests consideration of extending the timeframe of the special discount scheme for one more year to 30 June 2024.

An important point to note is that many of the leases expire in mid 2024 so council staff have a process to follow to renew the leases for a further 21 year period. Reducing the number of leases by the leasee freeholding will reduce that workload while increasing the Council's cash holdings.

2. DRAFT RECOMMENDATION

That a twenty percent sale discount of the independently assessed market value of leasehold land be available to lessees to 30 June 2024.

3. ISSUES AND DISCUSSION

3.1 Background

Currently Council has 35 leasehold properties remaining with the land value (Government Valuation) of approximately \$2.5m. The properties are currently generating \$80,149 in lease revenue throughout this financial year. This is a return of approximately 3.6%. The return is less than the lease rate of 4.5% of

the current market value. This is because the leases are 21 year perpetually renewable leases which are reset to 4% of their current market value at the start of each 21 year term. This return will reduce as land value increases over time but the lease payments remain the same. Presently this rate of return is greater than interest rates for term deposits.

In June 2010 a report was presented to Council which recommended a discount scheme to facilitate the freeholding of Council leasehold properties. The issue identified with leasehold properties at that time was the poor return that they generated for the ratepayer. At that time Council had 139 properties worth \$8.7m which were generating a return of \$114,000 which represented a 1.3% return. At that time term deposit returns were 5% and debt costs were closer to 7% which highlighted the poor return that leasehold properties represented.

The 2010 report analysed the likelihood of tenants freeholding and predicted a 30-50% uptake for the discount scheme if a 20% discount on the market value of the property was made available to lessees to encourage them to freehold their properties. Council endorsed the recommendation for a set period of time, thereafter reducing the discount.

During March 2017 Council again instigated a 20% discount, effective until 30 June 2019. This was repeated in 2019 with expiry 30 June 2021 and again in April 2021 to June 2023.

As a result of these discount schemes, Council has sold more than 90 properties and banked in excess of \$4.8m in sales proceeds. Council has used the funds to repay debt and improve its cash deposit holdings.

The latest discount scheme offering has not created a vast amount of interest, such as the interest experienced when leasehold property was offered at a discounted rate back in 2010, however it does provide a little more scope to resolve lease debtor arrears, and in some situations can provide good incentive in the area of debt collection.

Improving the Council cash holdings gives the council more flexibility over investment decisions rather than holding residential land which does not offer the returns currently that cash deposits do.

3.2 Information about the Remaining Leases

When Council approved the twenty percent discount scheme to encourage reduction of the number of remaining leases, the rationale behind this is was not only to provide financial benefit to Council. One of the problems inherent in the 21 year perpetually renewable leases is that the lease is set at four and a half percent of the current market value at the renewal date of the lease. Thereafter every 21 years the lease amount is reset to four and a half percent of the market value of the property, and the increases are significant. This is sometimes not well understood or received by lessees.

For example: a lease commenced or reset in 1992 on a ¼ acre property with a value of \$12,100 would equate to an annual lease of \$545. When the lease

expired in 2013 the property was revalued to \$95,000 and the new lease was set at \$4,275. This is difficult to explain the increase to the lessee.

The option of reducing the lease terms only make the investment less attractive for Council and would also set a precedent for breaking other leases which is not equitable for other lease holders.

Freeholding of leases have been fairly static for a number of years due possibly to economic conditions and the remaining lessees not being at a suitable time in their lives to freehold their properties with the ten to twenty percent discounts offered.

4. OPTIONS

There are four options the committee could consider with regard to this report:

- Option 1 Support the recommendation provided by staff.
- Option 2 Propose a different discount % eg 10%
- Option 3 Propose no extension to the scheme from 30 June 2023
- Option 4 Propose an alternate recommendation.

5. CONSIDERATIONS

5.1. Significance Assessment

The Significance and Engagement Policy sets out the criteria and framework for a matter or a transaction to be deemed significant. The Significance and Engagement Policy is written in accordance with The Local Government Act 2002 (LGA 2002) section 76AA. This part of the Act sets the general approach to determine if a proposal or decision is significant requiring the Council to make judgements about the likely impact of that proposal or decision on:

The district:

- a) The persons who are likely to be particularly affected by, or interested in, the proposal or decision;
- b) The financial impact of the proposal or decision on the Council's overall resources; and
- c) The capacity of the Council to perform its role and carry out its activities, now and in the future.

In a financial context the content included in this report is not considered significant because the matters disclosed are of a routine nature, and not greater than 5% of the total assets and total annual operations of Council.

5.2. Values Assessment

The Buller District Council values are: One Team; Community Driven; We Care; Integrity; and Future Focussed. Supporting leaseholders to freehold their sections aligns with our community driven and we care values.

5.3. Policy/Legal Considerations

The Local Government Act 2002 governs the activities of Council and sets out the requirement for consultation on the Annual Plan and Long Term Plan to agree the budgets and activities to be funded.

This report assists with two key purposes of that Act (refer to section 3) stating the purpose of the Act is to promote the accountability of local authorities to their communities; and provide for local authorities to play a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

5.4. Strategic Impact

Council's key strategies, to achieve the vision of Council are:

Resilient - Building and promoting resilience in a community, services and infrastructure

Growing - Facilitating growth and a transition to a diversified, resilient and sustainable economy,

Quality Infrastructure - providing reliable and sustainable infrastructure that meets the needs of current and future generations

Liveable - investing in our towns to ensure we are an attractive district to live work invest and play

Affordable - Growing our non-rates income so rates are affordable to all residents There is limited strategic impact on the decision to freehold the remaining Council leasehold properties.

5.5. Risk Analysis

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

When lease agreements are entered into by Council a risk arises that the amounts owing are not paid when due, and that over time total debt owing grows to an unsustainable level.

This risk is mitigated by engaging staff to monitor and recover debt therefore acting on indebtedness early on, which generally yields better collection results. It is also mitigated by providing incentives and options to freehold property which in turn assists with debt management. The twenty percent discount provides this incentive.

5.6. Policy / Legal Considerations

The Local Government Act (2002) Sections 140 and 141 stipulate the restrictions on the sale of endowment land. The Act stipulates that a local authority must include in its LTP the intention to sell and the use to which the proceeds will be put. Council last included these conditions in the 2021-2031 LTP by including a statement to this effect.

5.7 Tangata Whenua

The contents of the report are not a matter requiring consultation with tangata whenua.

5.8 Views of those Affected

Changing the discount scheme will be of interest to both current and previous leaseholders. Council has communicated the discount scheme and its dates to leaseholders, so the impending end of the scheme is known. It is considered that extending the scheme will not have a negative effect on current leaseholders.

5.9 Costs

There is minimal cost to administer a discount scheme. The key cost issues to consider are that if leasehold property is freeholded then the income stream from the rental payments cease. If this is not replaced by another income stream then rates must rise to replace the deficit. Council may wish to reduce debt or invest the proceeds as term deposits to offset the loss in revenue.

There are short and long term financial implications that will also need to be carefully weighed up by Council. In the short term a better return may be able to be obtained by investing proceeds of leasehold land elsewhere. But the return may be eroded over time by inflation and will eventually be far less in real terms than the current return received from lease rentals. This is because the lease rental return is reset to four and a half percent of the market value of the properties every 21 years which means over long periods of time the rental income is protected from inflation whereas the sale proceeds may not be.

5.10 Benefits

In the past years a better rate of return may have been obtained with the funds invested in interest bearing deposits. This now differs with low interest rates and returns.

Reducing the number of leasehold properties reduces the “public relations challenges” when the lease payments increase markedly every 21 years.

5.11 Media / Publicity

If the twenty percent discount period is extended to 30 June 2024 each leaseholder will be written to advising them of this. It will also be an item of interest which can be included in a media release as well as communicated via the regular Council newsletter.

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM: 12

Prepared by Rachel Townrow
Acting Chief Executive

Attachments 1 - Projects in Partnership

MONTHLY REPORT – PROJECTS IN PARTNERSHIP UPDATE REPORT

1 REPORT SUMMARY

This report provides an update on the progress of the Projects in Partnership Steering Committee. It will be provided to the Risk and Audit Committee on a regular basis until the projects are completed. See attached for progress reports as listed below.

2 DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the Projects in Partnership Update Report for information.

3. REPORTS

NEMA Reports

- NEMA Financial Report Tranche 1
- NEMA – Endorsement Claim
- NEMA Financial Report Tranche 2

PiP Reports

- 3 Waters
- Betterment
- Wharf Repair
- Tiphead
- Dredging (verbal update to PiP committee only)
- Reefton Stopbank
- Reefton Landfill
- Better Off Funded (BOF) Projects

Commercial & Corporate Services Portfolio Report

- Buller District Ports Package

Projects in Partnership Meeting
Monday 15 May 2023, 4pm to 5pm,
Clocktower Chambers (Westport)
Or via Zoom

Agenda

Item No:	Subject	Time
1.	Welcome and introduction (verbal)	4.00 - 4.05pm
2.	Previous meeting minutes (<i>refer attached</i>)	4.00 - 4.05pm
3.	Update on news/developments/issues from government (Warren)	4.05 - 4.10pm
4.	NEMA (<i>refer attached</i>) <ul style="list-style-type: none"> • NEMA Financial Report Tranche 1 • NEMA – Endorsement of Claim • NEMA Financial Report Tranche 2 	4.10 – 4.20 pm
5.	PiP Reports (<i>refer attached</i>) <ul style="list-style-type: none"> • 3 Waters • Betterment • Wharf Repair • Tiphead • Dredging (verbal update) • Reefton Stopbank • Reefton Landfill • Better Off Funded (BOF) projects • IAF Funded projects (public excluded) 	4.20 – 4.35 pm
6.	Commercial & Corporate Services Portfolio Report (<i>refer attached</i>) - Buller Ports Package	4.35 - 4.40pm
7.	Other business/matters (verbal)	4.40 - 4.45pm

Agenda Item 2

Previous meeting minutes

Projects in Partnership Meeting – DRAFT Minutes

Tuesday 11 April 2023

4.00 – 5.00 pm, Clocktower Chambers and via Zoom

Present:

- Chairperson and Mayor Jamie Cleine (JC); Councillor Phil Grafton (PG); BDC Acting CEO Rachel Townrow (RT); BDC Acting Group Manager Infrastructure Services Mike Williams (MW); BDC CFO Douglas Marshall (DM); BDC Programme Manager - Recovery Penny Bicknell (PB); Minute Taker Kirstin McKee
- Attending via Zoom: WG; Suzy Paisley (NEMA) (SP); Ngāti Waewae Ned Tauwhare (NT)
- Apologies Warren Gilbertson (Kanoa); Project Manager Phil Rossiter (PR)

1. Welcome and Introduction

Meeting started at 3.04 pm.

2. Previous Meeting Minutes

No issues raised, clarified, or corrected.

Minutes accepted as tabled

3. Update on news/developments/issues from government

No update – WG an apology

4. NEMA Financials

PB spoke to the following reports:

T1 Financials

Financials now only \$1.45M, (about \$8-10K light as missing February figures). Finance to review this and also look at all final costs to come which will be included in a claim for endorsement at the next PiP meeting.

We were hoping to continue to the end of June, with a request to NEMA for continued comms on the T2 infrastructure, some engagement around the multi-tool business case (should it be approved), and a small amount of funding for the stickered properties. NEMA has rejected this request and have asked that all claims are settled and paid out by the end of June.

T2 Financials

Report is slightly easier to see the claims that have come through with a summary at the bottom of the page with all of the claims, plus the threshold that we have paid out.

Currently looking at approx. \$407K sitting there to put into another claim. Currently have \$1.1M sitting with NEMA for review, plus \$93K that is still under review by NEMA. NEMA has requested further information around the set up of the PMO which will be answered this week.

If this is not approved by NEMA, the costs will come back to council. Hope to have resolved before the next meeting.

3 Waters Work Packages 1-5

Now 92% complete, with final pieces to be sorted out this month and the final completion of diffused replacements in the grit clean out.

One final project; the Brougham Street brick arch, final costs being put together to be approved by NEMA before we can go further.

Potentially have a surplus of \$407K, gone up from the contingency of \$322K.

Betterment Work Package 6

Still in the planning stages for most of these;

- **Wastewater pump stations** - still on tender as procurement documents need to be amended.
- **Backflow prevention**, two have been installed, three to go.
- **Grit & Sediment** – DOR commencing with design works (shared with IAF funding)
- **Domain stormwater drainage** - completed
- **Alternate drinking water supply** - proposal received today and circulated for feedback to decide next steps.
- **Roebuck Street Upgrade** - complete
- **Coates Street Upgrade** - in design

Wharf Repair

Currently going through and de-risking the detailed design, then a quantity surveyor review, two weeks away. Once completed will have a better idea of what the costs are vs budget. Won't know actuals until it goes out to market.

Query re whether this drawn-out timeframe is going to be problematic to wharf lessee WCBL.

General discussion around WCBL current activities around the wharf and wharf leases. Wharf building beings demolished are not holding up WCBL.

SP (NEMA) to follow up with memo in answer to IL3 v. IL4 recommendation.

Dredging (verbal update)

Dredge swing finished yesterday, removing just over 27,000 m³, compared to 29,000m³ last swing. Slightly more efficient at 16.3 m³ per minute with a lot of sand and silty material being removed, not gravel/rock. Sitting at around 20% off project completion. Efficient dredging but haven't dredged as many days, therefore our day charge won't be as high.

Comment that it would be advantageous to provide a report with numbers. This is a good news story to share with quite a bit of public interest around the dredge.

Tiphead

Project is complete except for some vegetation work. Came in on time and under budget with \$230K sitting in surplus. Including 3 Waters, currently sitting at \$630K overall in surplus.

Reefton Campground Stopbank

Some minor river retraining to complete, hopefully this month. Should come in slightly under budget, looking at \$50K surplus.

Reefton Historic Landfill

Paper went to the March Council meeting, have increased this by \$250K, rock is currently going through density and weathering testing, contracts to be concluded shortly. Waiting for resource consent. Roscoe's have provided the tender off the tender panel as the only company qualified to do this work.

The reports were accepted as tabled

7. Commercial and Corporate Services Portfolio Report

Buller Ports Package

PB spoke to the report— on target to be concluded this month, last task being completed this week and next. Will be delivered just under budget with no financial burden to council.

The report was accepted as tabled

SP left the meeting at 3.22 pm

9. Other business

Information noted

Discussion re Infrastructure Acceleration Fund (IAF) projects reporting through PiP, with first funding round through this month. The IAF projects will follow the same sort of reporting system.

Further discussion re blended projects, eg Reefton landfill, funded with council money and external money. The project report shows a delineation of the funding amounts between council and NEMA funding. Check the Terms of Reference re this so we don't move outside of the mandate of externally funded projects.

IAF reports will clearly show council funding and Kainga Ora funding. Will report on the external portions only, with council portion to be reported through council as BAU.

Kāinga Ora team (working on the IAF agreement) are visiting Westport on 21 April. This is an opportunity to meet with Sharon Roche as RAC chair, Mayor Cleine and Cr P Grafton.

IAF will report through to PiP beginning next month, and that any council contribution needs to be noted in the project report.

Better Off funding projects will also begin reporting through to PiP from next month with separate reports for each project.

No other matters were raised. The meeting closed at 4.36 pm

Agenda Item 4

NEMA Funding

- *NEMA Financials Tranche 1*
- *NEMA – Endorsement Claim*
- *NEMA Financials Tranche 2*

**NEMA Tranche 1 Programme
For Period 2022/23 - March**

	ORIGINAL BUDGET (Total)	TOTAL COST TO DATE	TOTAL REVENUE TO DATE	Claims to Submitt	FORECAST COST TO COMPLETE	FORECAST AT COMPLETION	PROJECT VARIANCE
Grand Total	0	513,952	(494,048)	(19,904)	0	0	0
Immediate Response and recovery costs							
Expenses	1,450,000	513,952			936,048	1,450,000	0
Revenue	(1,450,000)		(494,048)	(19,904)	(936,048)	(1,450,000)	0



Buller Recovery – Projects in Partnership

Title:	Financial Update – NEMA Claim endorsement Request
Date:	15 May 2023
Principal Author:	Penny Bicknell, Programme Manager - Recovery
Authorised by:	Rachel Townrow, Acting Chief Executive

Purpose

To provide the Projects in Partnership Meeting with a summary of funding to date under the NEMA appropriation of \$1.45m Immediate Response & Recovery costs and request a claim for reimbursement.

Recommendations

1. It is recommended that the Projects in Partnership Group:
 - **Notes** the summary of claims paid to date against the NEMA appropriations.
 - **Endorses** the final proposed claim for reimbursement against this appropriation (noting that all expenditure is subject to eligibility assessment for reimbursement by the NEMA Financial Assurance team).
 - i. \$19,904 for Immediate Response & Recovery Costs
2. As a result of the 15th – 18th July 2021 flood, Central Government supported the Westport Community and Buller District Council (BDC) through the provision of funding for response and recovery purposes. BDC received two appropriations to enable response and recovery activities to occur:
 - An immediate \$1 million advance for welfare resulting in a claim of \$322,694. The balance of this advance has been offset against Infrastructure claims.
 - A subsequent \$8 million through Cabinet.
3. The first funding allocation request ('Tranche 1') was put to Cabinet to support BDC's ongoing service to the Westport community.
 - \$1.00m was allocated for Community Hub & Navigators costs – this has been drawn down and completed
 - \$1.45m was allocated for Immediate Response & Recovery costs
 - \$1.5m was allocated for Solid Waste Management (\$270k has been reappropriated by Cabinet for February waste removal and \$380k for emergency Westport Water works). Final Claim has been submitted to NEMA and finalised
 - \$650k was allocated for infrastructure costs to the boundary for the Temporary Village at Alma Road. This appropriation was finalised in December 2022

4. Below is a summary of claims for the \$1.45m Immediate Response & Recovery costs appropriation

CLAIMS AGAINST \$1.45M IMMEDIATE RESPONSE & RECOVERY COSTS	
TOTAL CLAIMS REIMBURSED TO DATE	\$494,048
TOTAL CLAIM FOR ENDORSEMENT	\$19,904
TOTAL CLAIMS	\$513,952
BALANCE OF APPROPRIATION	\$936,048

**NEMA Tranche 2 Programme
For Period 2022/23 - March**

	ORIGINAL BUDGET (Total)	TOTAL COST TO DATE	TOTAL REVENUE TO DATE	Claims	FORECAST COST TO COMPLETE	FORECAST AT COMPLETION	PROJECT VARIANCE
WP1 Drinking Water Repairs	0	93,689	(79,511)	(8,119)	(6,059)	0	0
Expenses	329,848	93,689			236,159	329,848	0
Revenue	(329,848)		(79,511)	(8,119)	(242,218)	(329,848)	0
WP2 Stormwater Repairs	0	125,073	(75,066)	(27,946)	(22,060)	0	0
Expenses	456,600	125,073			331,527	456,600	0
Revenue	(456,600)		(75,066)	(27,946)	(353,588)	(456,600)	0
WP3 Wastewater Repairs	0	480,327	(236,458)	(166,503)	(77,366)	0	0
Expenses	480,400	480,327			73	480,400	0
Revenue	(480,400)		(236,458)	(166,503)	(77,439)	(480,400)	0
WP4 CCTV and Cleaning	0	998,773	(813,562)	(135,305)	(49,906)	0	0
Expenses	1,183,903	998,773			185,130	1,183,903	0
Revenue	(1,183,903)		(813,562)	(135,305)	(235,036)	(1,183,903)	0
WP5 3W Inspections	0	28,550	(21,127)	(4,012)	(3,411)	0	0
Expenses	61,000	28,550			32,450	61,000	0
Revenue	(61,000)		(21,127)	(4,012)	(35,861)	(61,000)	0
Project Management WP 1-5	0	231,699	(183,246)	(54,381)	5,928	0	0
Expenses	0	231,699			(231,699)		
Revenue	0		(183,246)	(54,381)	237,628	0	0
WP6 3W Betterment Projects	0	182,482	(1,575)	(139,713)	(41,194)	0	0
Expenses	1,582,000	182,482			1,399,518	1,582,000	0
Revenue	(1,582,000)		(1,575)	(139,713)	(1,440,712)	(1,582,000)	0
WP7 Westport Port Repairs	0	140,354	(61,935)	(74,670)	(3,749)	0	0
Expenses	5,920,000	140,354			5,779,646	5,920,000	0
Revenue	(5,920,000)		(61,935)	(74,670)	(5,783,395)	(5,920,000)	0
WP8 Westport Dredging Project	0	1,197,000	0	(1,052,265)	(144,735)	0	0
Expenses	4,716,000	1,197,000			3,519,000	4,716,000	0
Revenue	(4,716,000)		0	(1,052,265)	(3,663,735)	(4,716,000)	0
WP9 Inangahua River Projects	0	372,445	(215,730)	(140,512)	(16,203)	0	0
Expenses	1,224,000	372,445			851,555	1,224,000	0
Revenue	(1,224,000)		(215,730)	(140,512)	(867,758)	(1,224,000)	0
WP10 Tiphead Repairs	0	741,176	(72,362)	(585,585)	(83,230)	0	0
Expenses	1,000,000	741,176			258,824	1,000,000	0
Revenue	(1,000,000)		(72,362)	(585,585)	(342,053)	(1,000,000)	0
Programme Management	0	57,078	(22,437)	(32,532)	(2,108)	0	0
Expenses	190,440	57,078			133,362	190,440	0
Revenue	(190,440)		(22,437)	(32,532)	(135,470)	(190,440)	0
TOTAL							
Expenses	17,144,191	4,648,647		0	12,495,544	17,144,191	0
Revenue	(17,144,191)		(1,783,009)	(2,421,544)	(12,939,637)	(16,795,427)	0
Deductions	348,764				0	0*	0
Total	348,764	4,648,647	(1,783,009)	(2,421,544)	(444,093)	348,764	0

*Deductions removed from Revenue

	Costs	Threshold	on Hold	Ineligible	Invoiced	Paid	Paid from \$1mil advance
Pre Tranche 2 (60%)	457,846.15	-	173,850.00		-		283,993.15
Claim 1	957,121.42	-	174,914.00		782,207.42	782,207.42	
Claim 2 (40%)	179,231.32				179,231.32	179,231.32	
Claim 3	632,903.36		-	93,801.95	-	1,523.53	537,577.88
Claim 4	1,159,820.30						
Claim 5	739,294.89						
Balance to be Claimed	522,429.15						
Total	4,648,646.59	-	348,764.00	-	93,801.95	-	1,523.53
					1,499,016.62	1,499,016.62	283,993.15

8-Mar Sent to Nema not Invoiced
18-Apr Sent to Nema not Invoiced
To be Claimed

Agenda Item 5

Projects in Partnership

- *3 Waters*
- *Betterment*
- *Wharf Repair*
- *Tiphead*
- *Dredging (Verbal update)*
- *Reefton Stopbank*
- *Reefton Landfill*
- *Better Off Funded (BOF) projects*
- *IAF Funded projects (public excluded)*

PMO -Project Report - Flood Recovery - Return to Service - Work Packages 1 - 5



Programme/Project Details

Location and Region:	Whole of Buller District. Works concentrated in Westport which received the most damage from the 2 events.
Project Budget:	\$2,511,751
Reporting Period (ending):	March-2023
Project Principal:	Buller District Council (BDC)
Project Partner(s):	NEMA
Project Manager:	Mark Wiechern
Programme Outcomes:	This Programme of works covers all 3W repair (Drinking Water/ Stormwater/ Wastewater) in Work Packages 1-5. The programme encompassed both the July 2021 and February 2022 severe weather events damage. 60% of funding is from NEMA, and the remaining 40% is by Cabinet approval of the T2 funding submission (outside of NEMA policy).

Project Overview/traffic Light Status/High-Level Summary (G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
Overall:	G	Repair works have progressed well. Approximately 92% complete by tasks
Budget:	G	Work will complete under original estimates
Scope:	A	Still require scope sign-offs by NEMA for Brougham brick arch.
Resource:	A	Should be ok however the engaged contractors have increasing work loads from competing projects/funding streams. Requires strict management by PM for priorities.
Schedule:	G	All works excluding Brougham brick arch to be closed by 31st May 23. Brougham Brick Arch closed by June 30 at the latest due complexity of access.
Risks / Issues:	A	Minor residual risk relating to resourcing and lead times for remiaing plant items

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
<p>April was a planning month for final repair worksopes with also the execution of some smaller physical works (electrical Pump station repairs) and of note the completion of the Domett street tomo repair. April also focussed on closure of financial and admin functions for recently completed repairs from the previous period (of note the waste water treatment plant diffuser and grit clean works). Further electrical repairs were completed drawing this aspect close to complete. Continued access and design work featured in April for the Brougham brick arch repair with many stakeholders or affected parties to navigate (Heritage NZ, Kiwirail, LINZ, WCMS) With the exception of the Brougham street brick arch, all other repairs should be 100% closed out by the end of May 2023. Forecasted underspend currently sits at \$395k at programme completion.</p>	<p>Closure of all physical works and repairs with the exception of the Brougham brick arch repair is the focus for May. This includes loose end electrical repairs to WW pump stations, repairs to the Reefton water reservoir access track and the Waimangaroa water access road. Locking down the Brougham brick arch repairs scope and receiving pricing will be a key objective for this same period. This requires a number of processes to execute however including a heritage assessment of the old wharf structure, Kiwirail grant application, design and survey work. Once the project team receives supplier estimates for the Brougham Street Brick Arch Repair (via westreef/Hydrotech) this will be submitted to NEMA for final approval.</p>

Updated Project Road Map/Schedule													
Project task	2022			2023									Comments
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Planning and BDC Approvals	█	█	█	█									
Easements and access Agreement					█	█	█	█					
Construction (Includes continuation of HDD Design)					█	█	█	█	█				
Construction Complete							█	█	█	█			
Commissioning and Testing								█	█	█			
Handover and Asset Manager Acceptance						█	█	█	█	█			

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Westport WWTP Diffusers Replacement	31-Mar-23	28-Mar-23	100%	
Westport WWTP Grit Cleaning	31-Mar-23	28-Mar-23	100%	
CCTV - Final Remaining Sites	16-Dec-22	31-Jan-23	100%	
Domett St Tomo - Damaged Pipe Repair	16-Feb-23	31-Mar-23	100%	
Cats Creek - Clean out Flood Silt	1-Oct-22	1-Oct-22	100%	
Westport Waste Pump Stations - Remaini	31-Mar-23	31-May-23	90%	
Waimangaroa Drinking Water Repair	1-Feb-23	31-May-23	70%	
Reefton Reservoir Access Track	16-Mar-23	30-May-23	50%	
Brougham St Brick Arch - CCTV and Clean-	31-May-23	30-Jun-23	12%	
Reefton Brick Arch CCTV	16-Dec-22	31-Jan-23	100%	
Emergency works, repairs and clean ups p	31-May-22	31-May-22	100%	
0	0-Jan-00	0-Jan-00	0%	

Financials							
Budget and Expenditure Summary							
Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Estimate at Completion	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$0	\$0	\$0	\$0	\$0	
Consents/Approvals (Phase 4)	\$0	\$0	\$0	\$0	\$0	\$0	
Design (Phase 4)	\$0	\$0	\$0	\$0	\$0	\$0	
Construction (Phase 4)	\$1,962,180	\$1,962,180	\$1,726,412	\$140,000	\$1,866,412	-\$95,768	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$226,837	\$226,837	\$231,699	\$18,000	\$249,699	\$22,863	
Contingency	\$322,734	\$322,734	\$0	\$395,640	\$395,640	\$72,906	
Total	\$2,511,751	\$2,511,751	\$1,958,111	\$553,640	\$2,511,751	\$0	

Risks/Issues/Outcomes

Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)

Risk ID - Risk/Issue	Mitigation	Residual Risk
WP1 - WP5 / 2 - BDC will be forced to utilise AP funds to remedy (unplanned, possibly unbudgeted works)	No proceeding until BAU Funds are ear-marked as backup.	3
WP1 - WP5 / 6 - Westport Waste Treatment Plant - long lead time on parts	Discuss with Pgm Manager to raise with NEMA for consideration	3

Communications

An update on media, marketing and communication activity for the programme/project

Key achievements/outcomes
 Ongoing public stakeholder engagement continues with a number of news media statements and articles being published. The monthly Flood Recovery update Bulletin remains the primary community engagement tool for the 3W repairs and recently provided an update to the public in late April in the local newspaper. As the Programme draws to an close in the coming months, a summary media release should be considered to summarise the extent of work undertaken by Council and it's contractors.

Risk Key

Risk Rating	Action, Escalation & Review Timeframe Needed
20 - 25 Extreme	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 - 16 High	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 - 9 Moderate	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 - 3 Low	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Likelihood	Score	Description
Almost certain	5	Event is expected to occur more than once in the next year
Likely	4	Event is expected to occur once in the next year
Possible	3	Event could occur at least once in the next two years
Unlikely	2	Event could occur at least once in the next 3 to 5 years
Rare	1	Event is unlikely to occur in the next 5 years

		Risk Assessment Matrix				
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
		Likelihood				



PMO - Bundle Report - Three Waters - Stormwater & Drainage - NEMA T2 Betterment - WP6

Programme/Project Details

Location and Region:	Westport
Project Budget:	\$1,582,000
Reporting Period (ending):	March-2023
Project Principal:	Buller District Council (BDC)
Project Partner(s):	NEMA
Project Manager:	Rob Poole
Programme Outcomes:	The scope is made up of 8 sub-projects that fall under the NEMA Betterment funding source. The programme of works objective is to provide 3W flood resilience to select priority assets across the reticulated networks (Stormwater, Wastewater and Drinking Water) for Westport. Westport WWTP is jointly funded between NEMA and IAF

Project Overview/traffic Light Status/High-Level Summary (G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
Overall:	G	The Programme has been prioritised by BDC and accepted by NEMA
Budget:	A	\$1,582,000 * WWTP Project is jointly funded between IAF (\$250k)and NEMA (\$500k) * The lifting of all Pump stations will not fit within the current budget. This will require careful management of costs
Scope:	G	This programme of works includes the following projects from both the July 2021 and February 2022 flood events: * Lifting flood damaged Wastewater Pump Station electrical cabinets above the 1% AEP flood height (1 in 100yr) * Provide backflow prevention to 5no. Stormwater outfall locations * WWTP Grit and Sediment Removal Plant & Replacement Screen * Coates St SW Upgrade * Westport Domain SW Reinstatement * Alternative Drinking Water Supply Investigation * Mill & Roebuck St SW manholes
Resource:	G	Backflow prevention, Mill St, Roebuck St and Domain - WestReef Westport WWTP - Design by Davis Ogilvie. Construction TBC Coates St - Design by Calibre. Construction TBC Raising Pump Stations - Design and construction TBC Alternative Drinking Water - Design TBC. Provisionally Davis Ogilvie
Schedule:	G	Physical works began in Feb 23. Last project to be completed in early 2024 (Westport WWTP)
Risks / Issues:	G	Reducing scopes of some projects to ensure they remain under the budget

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
WW Pump Stations - Tender to be released to market imminently. SW Backflow Prevention - West Reef have installed 2 of 5, with another 3 scheduled over the next 2 months. WW Grit & Sediment - Engagement of Davis Ogilvie underway, contract signed 24/4/23. Start date: 1 May 23 Domain SW Drainage - Installation of sump. Sub-Project complete Alt Drinking Water Supply - Engagement with DO to undertake works, finalising details of scope with DO. Mill St manhole replacement - Awaiting programme from West Reef Roebuck St - Works complete 31/3/23 Coates St - Calibre are progressing the design.	WW Pump Stations - Issue RFQ SW Backflow Prevention - 2no. WaStops to be ordered and installed with last WaStop installed in May23. Awaiting West Reef programme to confirm. WW Grit & Sediment - DO to commence with design works Domain SW Drainage - Complete Alt Drinking Water Supply - Award of contract to DO and commence with Desk Top Study. Mill & Roebuck St - Complete Coates St - Design to be received in May and Contractor procurement to commence

Updated Project Road Map/Schedule					
Project task	2023				Comments
	Apr-23	May-23	Jun-23	Jul-23	
Lifting wastewater pump stations above 1% AE level	Contractor Procurement	Contractor Procurement	Design	Design	Lifting 7-9no flood damaged Wastewater Pump Station electrical cabinets above the 1% AEP flood height in Westport. *Project delivery will extend beyond June 2023*
SW Backflow Prevention - Install Wastops	Construction	Construction			Installation of 5no. backflow prevention devices within the Westport SW network.
WWTP – Grit/Sediment and Screen Plant	Contractor Procurement	Design	Design	Design	Installation of a new combined Grit/Sediment and Screen plant at the Westport WWTP. *Project delivery will extend beyond June 2023*
Coates Street SW Upgrade - Stage 1	Design	Consenting	Contractor Procurement	Contractor Procurement	Design and installation of open swale drains along Coates/ Forbes Street in Westport.
Westport Domain SW Reinstatement (complete)					Reinstatement of an old SW drain through the Westport Domain. Changed now to sump install on Menzies St
Alternative Drinking Water Supply Investigation	Design Procurement	Design	Design	Design	Design and investigation of an alternative Drinking Water supply for Westport. *Project delivery will extend beyond June 2023*
Mill St and Roebuck SW Upgrade	Construction Mill St				Upgrading two weak nodes of Westport's SW network on Mill and Roebuck Streets. Installation of new manholes.

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
WW Pump stations - 10243	7-Dec-23	7-Dec-23	0%	
SW Backflow Prevention - 10244	18-Mar-23	18-Jun-23	40%	West Reef pricing remaining WaStops
WW Grit & Sediment - 10245	13-Dec-23	6-Mar-24	0%	
Domain SW Drainage - 10246	4-May-23	1-Apr-23	100%	Complete
Alt Drinking Water supply - 10247	18-Oct-23	18-Oct-23	0%	
Mill St SW upgrade - 10248	26-Mar-23	26-Apr-23	0%	Planned 3/4/23
Roebuck St SW upgrade - 10249	26-Mar-23	29-May-23	100%	Started 27/3/23
Coates St SW upgrade DESIGN - 10250	29-Jul-23	1-Jun-23	50%	

Financials								
Budget and expenditure summary								
Programme/Project Item	Original Budget	Current Budget	Cost to Date	Forecast Cost to Complete	Final Forecast Cost	Variance	Status	Commentary
WW Pump stations - 10243	\$ 313,200	\$ 313,200	\$ 5,883	\$ 307,317	\$ 313,200	-\$ 1	In Planning	
SW Backflow Prevention - 10244	\$ 178,350	\$ 178,350	\$ 44,483	\$ 133,867	\$ 178,350	\$ 0	In Construction	
WW Grit & Sediment - 10245	\$ 435,000	\$ 435,000	\$ -	\$ 435,000	\$ 435,000	\$ -	In Design	
Domain SW Drainage - 10246	\$ 15,000	\$ 15,000	\$ 14,186	-\$ 814	\$ 14,186	-\$ 814	In Planning	Following preliminary site investigation in the Domain, the scope of the project changed to a new sump on Menzies St
Alt Drinking Water supply - 10247	\$ 174,000	\$ 174,000	\$ -	\$ 174,000	\$ 174,000	\$ -	Tendering	
Mill St SW upgrade - 10248	\$ 22,620	\$ 22,620	\$ -	\$ 21,954	\$ 22,287	-\$ 333	In Construction	
Roebuck St SW upgrade - 10249	\$ 26,000	\$ 26,000	\$ 25,120	-\$ 2,081	\$ 25,120	-\$ 880	In Construction	
Coates St SW upgrade - 10250	\$ 217,500	\$ 217,500	\$ 34,820	\$ 182,680	\$ 217,500	\$ -	In Design	
Betterment PM costs - 10251	\$ 200,330	\$ 200,330	\$ 57,991	\$ 142,339	\$ 200,330	-\$ 0	In Construction	
-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total	\$ 1,582,000	\$ 1,582,000	\$ 182,482	\$ 1,394,262	\$ 1,579,973	-\$ 2,027		

Risks/Issues/Outcomes		
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)		
Risk ID - Risk/Issue	Mitigation	Residual Risk
10243 / 1 - budget is limited to \$360k and it is likely that this is not sufficient for all pump stations	Prioritise order of remediation and cut out pump stations in order to bring project in under budget. Monthly cost tracking throughout.	8
10243 to 10251 / 4 - Long lead times for key components as some are imported.	Specialist consultant to oversee design, procurement and construction	6
10243 to 10251 / 6 - Wet weather will impede the construction programme	Works to be programmed during summer season to reduce risk of rain. Contractor to propose a work method that mitigates inclement weather if and where possible	6
10243 to 10251 / 11 - Limited choice of contractors. Procurement plan states that WestReef can be direct appointed	Early award projects under the 3W minor works contract to WestReef. Monitor progress	6
10250 / 12 - Original plan to drain stormwater to a paddock may not be feasible and a new design will be required	Awaiting design information. Costs of preliminary design are fixed.	6
10243 to 10251 / 13 - caused by cost allotted to project code that's unbudgeted and programme over run.	Monthly financial tracking and forecasting All project costs are only paid once approved by the PM	8

Communications

An update on media, marketing and communication activity for the programme/project

WW Pump Stations - None to date however this will involve substantial community engagement
 SW Backflow Prevention - None required
 WW Grit & Sediment - None required
 Domain SW Drainage - None required
 Alt Drinking Water Supply - No engagement required at this options report stage.
 Mill & Roebuck St - None required
 Coates St - Project will involve some community engagement. So far BDC have been in contact with the local Pony Club to discuss our provisional plans.

Risk Key

Risk Rating	Action, Escalation & Review Timeframe Needed
8-10	Extreme Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
7-10	High Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4-7	Moderate Risk Owner monitor and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1-3	Low Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
Almost certain	5	Event is expected to occur more than once in the next year
Likely	4	Event is expected to occur once in the next year
Possible	3	Event could occur at least once in the next two years
Unlikely	2	Event could occur at least once in the next 3 to 5 years
Rare	1	Event is unlikely to occur in the next 5 years

		Risk Assessment Matrix				
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
			Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
		Likelihood				

PMO -Project Report - Infrastructure Strategy - Recovery - Westport Wharf Repair and Reinstatement



Programme/Project Details	
Location and Region:	Westport Port, Bulk Precinct, Buller district, West Coast
Project Budget:	\$5,920,000
Reporting Period (ending):	March-2023
Project Principal:	Buller District Council (BDC)
Project Partner(s):	National Emergency Management Agency (NEMA)
Project Manager:	Phil Rossiter
Programme Outcomes:	Project Scope: This project seeks to repair and reinstate safe and fit-for-purpose wharf infrastructure at the bulk shipping precinct that was damaged during the July 2021 and February 2022 Buller River flood events.

Project Overview/traffic Light Status/High-Level Summary (G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
Overall:	A	The project is following its intended path and progressing through key milestones. A 'constructability' and risk review have been completed, with optimisations integrated, and detailed design about to commence on this basis. Demolition of the adjacent Kiwirail buildings continues (via Kiwirail management and cost), which will simplify and de-risk access and repair works (and removes a project ISSUE). Resources required for this early stage of the project have been secured.
Budget:	A	The budget of \$5,919,587 was based on an estimate and conceptual repair design which introduces a degree of risk (about budget adequacy), however planning and risk mitigation work is underway to increase the likelihood that a fit-for-purpose repair can be achieved with the available budget and there are no significant red flags or indications at this point that it will not be. A high-level indication derived during the 'constructability' review indicated an estimated repair cost that sits inside the available budget but until tenders are received that confirm this, the status of this aspect will be kept as amber to reflect the degree of uncertainty. An independent cost estimate scheduled once detailed design completed as a means of better informing budget adequacy.
Scope:	G	The repair scope has been defined based on a combination of user-input, a detailed structural site inspection, and a recently completed 'constructability' review that has further optimised the repair design. The repair design will be based on Importance Level 3.
Resource:	G	Resources required for this initial stage of the project are secured. Additional resources will be required as the project progresses.
Schedule:	G	There was some early programme slip because of some decision issues, however indicative feedback via the 'constructability' review process indicates the overall programme is still realistic and achievable (hence the 'traffic light' status has been set to Green). The programme currently indicates project completion by mid 2024 however the key determinant of this will be the construction/repair duration that will only be confirmed once tenders are received.
Risks / Issues:	A	A number of risks have been identified and mitigations and management actions are underway and on-going and tracking to plan. The 'traffic light' status of this aspect has been set to amber to reflect the presence of risks and their potential to adversely impact the project, if not controlled.

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
<p>The project is following its intended path. A 'constructability' and risk review have been undertaken based on the completed preliminary design, with optimisations identified, and detailed design about to commence on this basis. High level output from the constructability review indicated the available budget was about right and the estimated programme is realistic (noting on-going work on both budget adequacy and programme will be required to develop more certainty). Demolition of the adjacent Kiwirail buildings continues (via Kiwirail management and cost), which will simplify and de-risk access and repair works (and removes a project ISSUE). Resources required for this early stage of the project have been secured. Stakeholder mapping has occurred and their needs identified. The budget is currently considered adequate and specific steps are being taken to ensure this remains the case.</p>	<p>Progress the detailed repair design (forecast to be substantially complete by the end of May, then commission an independent cost-check of the repair design using the detailed design (when available), and commence a statutory review of consents and approvals required. Progress Kiwirail building demolition (by third-party beyond the scope of this project).</p>

Updated Project Road Map/Schedule														
Project task	2022			2023										Comments
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
Project management, coordination, and delivery (Sep '22 to Jun '24)														Scheduled to continue to June 2024
Investigations & planning (Sep '22 to Apr '23)														
Design (Sep '22 to May '23)														
Consents & approvals (Feb '23 to May '23)														
Construction procurement (Mar '23 to Jun '23)														
Construction & site management (Jul '23 to Jul '24)														Scheduled to continue to July 2024
Handover & closeout (Aug '24)														Programmed to commence August 2024

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Conceptual engineering design	23-Sep-22	23-Sep-22	100%	
Geotechnical investigation & assessment	11-Nov-22	11-Nov-22	100%	
Topographical survey acquisition	9-Nov-22	9-Nov-22	100%	
Detailed engineering inspection and assessment	16-Nov-22	16-Nov-22	100%	
Kiwirail liaison and building fate determination	28-Feb-23	28-Jan-23	100%	
Preliminary engineering design	14-Dec-22	14-Jan-23	100%	
Construction supplier engagement/validation (constructability review)	18-Jan-23	24-Apr-23	100%	
Statutory approvals	10-May-23	31-Jul-23	5%	
Detailed design	12-Apr-23	31-May-23	5%	
Construction procurement	7-Jun-23	20-Jul-23	0%	
Construction	8-May-24	31-Jul-24	0%	
Handover	31-Aug-24	31-Aug-24	0%	

Financials							
Budget and Expenditure Summary							
Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Final Forecast Cost	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$108,000	\$58,539	\$29,461	\$88,000	-\$20,000	
Consents/Approvals (Phase 4)	\$0	\$61,200	\$0	\$50,000	\$50,000	-\$11,200	
Design (Phase 4)	\$0	\$150,000	\$53,855	\$96,145	\$150,000	\$0	
Construction (Phase 4)	\$0	\$5,432,387	\$0	\$5,463,587	\$5,463,587	\$31,200	
Closeout (Phase 5)	\$0	\$12,000	\$0	\$12,000	\$12,000	\$0	
Project Management	\$0	\$156,000	\$27,960	\$128,040	\$156,000	\$0	
Contingency	\$0	\$413	\$0	\$413	\$413	\$0	
Total	\$0	\$5,920,000	\$140,354	\$5,779,646	\$5,920,000	\$0	

Risks/Issues/Outcomes		
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)		
Risk ID - Risk/Issue	Mitigation	Residual Risk
10232 / 3 - Because the materials specified in the repair design are scarce and/ or have very long-lead times	Monitor and communicate	8
10232 / 4 - Because it is more complicated than necessary and unfit-for-purpose.	Monitor and communicate	8
10232 / 1 - Because there is insufficient consideration or estimation of cost effective repair/construction approaches and materials and/or collaboration with the construction/repair market	Monitor and communicate	6
10232 / 2 - Because Kiwirail has dilapidated buildings immediately behind some of the wharf area and may not remove (demolish) the buildings (or demolish them in time) to enable cost-effective repair of the section of adjacent wharf	N.B. KIWIRAIL CONFIRMED BUILDING DEMOLITION TO COMMENCE IN FEBRUARY 2023. RISK WILL CLOSE WHEN THIS OCCURS. Monitor, communicate, and adjust repair scope early, if building removal not likely	6
10232 / 5 - Because the project is seen as too hard, or too distant, or not interesting enough relative to other market opportunities at the time	Monitor and communicate	6

Communications
An update on media, marketing and communication activity for the programme/project

Some external communication/media was undertaken in relation to the geotechnical drilling and investigation work and the purpose of this and relation to the wider repair programme. It is appropriate to progress further planning and design work and clarify matters such as programme timing and next steps before further communications are considered. No physical works are expected at the site until at least winter of 2023. On-going updates have been provided via BDC's communication team as part of wider flood recovery reporting.

Risk Key

Risk Rating	Action, Escalation & Review Timeframe Needed
20 - 25 Extreme	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 - 15 High	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 - 9 Moderate	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 - 3 Low	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
Almost certain	5	Event is expected to occur more than once in the next year
Likely	4	Event is expected to occur once in the next year
Possible	3	Event could occur at least once in the next two years
Unlikely	2	Event could occur at least once in the next 3 to 5 years
Rare	1	Event is unlikely to occur in the next 5 years

Risk Assessment Matrix					
Consequence	Likelihood				
	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
Catastrophic (5)	5	10	15	20	25
Major (4)	4	8	12	16	20
Moderate (3)	3	6	9	12	15
Minor (2)	2	4	6	8	10
Insignificant (1)	1	2	3	4	5

PMO -Project Report - Flood Recovery - Return to Service - Work Package 10 - Tiphead Rock Revetment Wall Repairs



Programme/Project Details	
Location and Region:	Westport Tiphead, Coates Road
Project Budget:	\$1,000,000
Reporting Period (ending):	March-2023
Project Principal:	Buller District Council (BDC)
Project Partner(s):	NEMA
Project Manager:	Robert Poole
Programme Outcomes:	This Project covers repair of flood damage sustained to the BDC Port asset known as the 'Tiphead', a rock revetment training wall, located at the entrance to the Buller River (Westport Port).

Project Overview/traffic Light Status/High-Level Summary (G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
Overall:	G	Project construction phase began on 16/1/23 and progressed largely to programme and is now completed apart from the planting
Budget:	G	Overall, the project has been delivered under budget and on programme.
Scope:	G	Construction scope has been completed in March 23. Outstanding works are the replanting of the access track
Resource:	G	WestReef will source the plants and trees and WestReef and DOC will oversee the planting.
Schedule:	G	The main construction activities have been completed with just the revegetation of the access track outstanding. This is scheduled to be undertaken over the two months.
Risks / Issues:	G	No major risks are anticipated

Current Updated Programme

Previous Reporting Period	Next Reporting Period
Construction works have been completed with only re-planting left to complete	Re vegetation of the site access track with native planting. Undertaken by DOC volunteers and WestReef First round of volunteer planting is scheduled for 4th May with another school group tentatively booked for July. Replanting of less accessible areas will be undertaken by WestReef.

Updated Project Road Map/Schedule													
Project task	2022			2023									Comments
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Planning and BDC Approvals	█	█	█										Complete
Easements and access Agreement	█	█	█	█									Complete
Construction (Includes continuation of HDD Design)		█	█	█	█	█							Complete
Construction Complete						█							Complete
Replanting						█	█	█					
Handover and Asset Manager Acceptance							█	█					

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Design	1-Oct-22	1-Oct-22	100%	Complete
Survey and Modeling	25-Nov-22	25-Nov-22	100%	Complete
Survey -Initial Site Setout	28-Nov-22	28-Nov-22	100%	Complete
Survey - Site Extent and Finalise Extent with	16-Dec-22	16-Dec-22	100%	Complete
Tender to Market	2-Dec-22	2-Dec-22	100%	Complete
Physical Works on site	21-Feb-23	23-Mar-23	100%	Complete
Practical Completion	22-Feb-23	24-Mar-23	100%	Complete
Replanting	24-Apr-23	30-Jul-23	0%	Replanting of 3,344m2 remaining

Financials

Budget and Expenditure Summary

Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Final Forecast Cost	Project Variance	Commentary
Design (Phase 4)	\$70,000	\$70,000	\$76,342	\$0	\$76,342	\$6,342	
Construction (Phase 4)	\$780,000	\$780,000	\$527,755	\$30,000	\$557,755	-\$222,245	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$100,000	\$100,000	\$137,079	\$8,000	\$145,079	\$45,079	
Contingency	\$50,000	\$50,000	\$0	\$220,824	\$220,824	\$170,824	
Total	\$1,000,000	\$1,000,000	\$741,176	\$258,824	\$1,000,000	\$0	

Risks/Issues/Outcomes

Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)

Risk ID - Risk/Issue	Mitigation	Residual Risk
WP10 - Tiphead / 12 - Council held liable for injury	Agree SOP with DOC.	6

Communications

An update on media, marketing and communication activity for the programme/project

The salvaged plants have been successfully replanted
Liaison with DOC, WestReef and Buller Cycling Club to agree replanting approach undertaken on 27/3/23.

Risk Key

Risk Rating	Action, Escalation & Review Timeframe Needed
10 - 20 Extreme	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 - 16 High	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 - 9 Moderate	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 - 3 Low	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
Almost certain	5	Event is expected to occur more than once in the next year
Likely	4	Event is expected to occur once in the next year
Possible	3	Event could occur at least once in the next two years
Unlikely	2	Event could occur at least once in the next 3 to 5 years
Rare	1	Event is unlikely to occur in the next 5 years

		Risk Assessment Matrix				
		5	10	15	20	25
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
		Likelihood				

PMO -Project Report - Infrastructure Strategy - Recovery - Reefton Campground Stopbank



Programme/Project Details

Location and Region:	Reefton - Buller
Project Budget:	\$150,000
Reporting Period (ending):	March-2023
Project Principal:	Buller District Council (BDC)
Project Partner(s):	NEMA & BDC
Project Manager:	Brendon Russ
Programme Outcomes:	Reefton Campground: The toe of the Reefton Campground stop bank was eroded as a result of both the July 2021 and February 2022 flood events. The Inangahua Riverbed changed course which necessitates the recontouring of the river fairway.

Project Overview/traffic Light Status/High-Level Summary (G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
Overall:	G	River training design has been completed by WSP. Resource consent application is underway by WSP. Stage One of the river training has been completed by Rosco Contracting. Stage two of the river training if required will take place April/May 2023
Budget:	G	Forecasted to spend \$70k of the \$150k budget
Scope:	G	The toe of the Reefton Campground stop bank was eroded as a result of both the July 2021 and February 2022 flood events. The Inangahua Riverbed changed course which necessitates the need for recontouring of the river fairway (river training).
Resource:	G	Brendon Russ (BDC-Project Manager), Mark Healey (WSP-Design) & Anne McNoe (WSP-Resource consent application)
Schedule:	G	Design work completed by WSP, Resource consent application by WSP has been completed and ready for submitting to WCRC. Stage one of the river training works have been completed by Rosco Contracting. Stage two river training will commence April/May 2023
Risks / Issues:	G	Risk & opportunities register updated and included as part of this report.

Current Updated Programme													
Previous Reporting Period							Next Reporting Period						
Minor river training will be undertaken during this period at the most downstream area of the existing river training. This is required to ensure the river flows unimpeded down to the next reach of the river.							Project close out. Resource consent to be granted.						
Updated Project Road Map/Schedule													
Project task	2022			2023									Comments
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Planning and BDC Approvals													
Resource Consent													WSP have completed a resource consent application for this project
Design													WSP have been engaged to design the river training works. This design has been completed
Construction Stage One – River Training													Completed By Rosco Contracting
Construction Stage Two – River Training													Will take place in April/May 23
Handover and Asset Manager Acceptance													

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Planning and Scope Approval	1-Aug-22	1-Aug-22	100%	
Resource Consent Granted	28-Feb-23	31-May-23	85%	
Design	1-Jul-22	1-Jul-22	100%	
Contract Awarded - Stage One	1-Aug-22	1-Aug-22	100%	
Construction Commenced - Stage One	1-Aug-22	1-Aug-22	100%	
Completion - Stage One	1-Aug-22	1-Aug-22	100%	
Contract Awarded - Stage Two	31-Mar-23	8-Apr-23	100%	
Construction - Stage Two	30-Apr-23	30-May-23	50%	

Financials

Budget and Expenditure Summary

Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Final Forecast Cost	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$0	\$0	\$0	\$0	\$0	
Consents/Approvals (Phase 4)	\$10,000	\$10,000	\$0	\$10,000	\$10,000	\$0	
Design (Phase 4)	\$5,000	\$5,000	\$0	\$0	\$0	-\$5,000	
Construction (Phase 4)	\$115,500	\$115,500	\$30,248	\$15,000	\$45,248	-\$70,252	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$12,000	\$12,000	\$5,996	\$6,004	\$12,000	\$0	
Contingency	\$7,500	\$7,500	\$0	\$82,752	\$82,752	\$75,252	
Total	\$150,000	\$150,000	\$36,244	\$113,756	\$150,000	\$0	

Risks/Issues/Outcomes

Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)

Risk ID - Risk/Issue	Mitigation	Residual Risk
10229 / 3 - Retrospective resource consent delays works or requires further works	Maintain close comms with resource consent manager	6

Communications

An update on media, marketing and communication activity for the programme/project

An update to the community was given during the month of November, updating the public on progress with this project
Internal BDC stakeholders are being updated on a regular basis

Risk Key

Risk Rating	Action, Escalation & Review Timeframe Needed
20 - 25 Extreme	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 - 16 High	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 - 9 Moderate	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 - 3 Low	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
Almost certain	5	Event is expected to occur more than once in the next year
Likely	4	Event is expected to occur once in the next year
Possible	3	Event could occur at least once in the next two years
Unlikely	2	Event could occur at least once in the next 3 to 5 years
Rare	1	Event is unlikely to occur in the next 5 years

		Risk Assessment Matrix				
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
			Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
		Likelihood				



PMO -Project Report - Solid Waste - Recovery - Reefton Historic Landfill

Programme/Project Details

Location and Region:	Reefton – West Coast
Project Budget:	\$1,324,000
Reporting Period (ending):	March-2023
Project Principal:	Buller District Council (BDC)
Project Partner(s):	NEMA
Project Manager:	Brendon Russ
Programme Outcomes:	Historic Reefton Landfill: The Reefton Historic Landfill was scoured out as a result of the February 2022 flood event. The Inangahua River watercourse is now exposed to the contents of the historic landfill, with the landfill sidewall now requiring reinstatement to return it to its pre-flood condition.

Project Overview/traffic Light Status/High-Level Summary (G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
Overall:	G	Design & resource consent application have been completed by WSP. Tenders for this project have closed and currently being reviewed. Physical works anticipated to commence May 2023
Budget:	G	\$1,324,000 (NEMA \$1,074,000 & BDC \$250,000)
Scope:	G	The Reefton Historic Landfill was scoured out as a result of the February 2022 flood event. The Inangahua River watercourse is now exposed to the contents of the historic landfill, with the landfill sidewall now requiring reinstatement to return it to its pre-flood condition.
Resource:	G	Brendon Russ (BDC-Project Manager), Mark Smith (WSP-Design) & Anne McNoe (WSP-Resource consent application)
Schedule:	G	Design completed, Resource consent application completed, waiting on granting of RC from West Coast Regional Council. Work to commence onsite early May 2023
Risks / Issues:	G	Risk & opportunities register updated and included as part of this report.

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
Rock proposed for this project has been tested and approved for this project Tender submission has been evaluated and Tender Recommendation Report submitted Contract negotiations concluded	Contract award Contract commences onsite Retrospective Resource consent granting

Updated Project Road Map/Schedule														
Project task	2022			2023									Comments	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep		
Planning and BDC Approvals														Project Budget approved July 2022.
Resource Consent														WSP have completed a resource consent application for this project
Design														WSP have been engaged to design on the remedial works required for the Historic Reefton Landfill. This design has been completed
Contract Award														Targeting 10th May 23
Construction														Construction is expected to take 2 months
Handover and Asset Manager Acceptance														

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Planning and Scope Approval	30-Sep-22	30-Sep-22	100%	
Resource Consent Granted	28-Feb-23	30-Apr-23	80%	
Design	12-Feb-23	17-Feb-23	100%	
Tender	10-Mar-23	10-Mar-23	100%	
Contract Awarded	31-Mar-23	10-May-23	50%	
Construction Period	30-May-23	15-Jul-23	0%	
Handed over and Asset Manager acceptance	5-Jun-23	20-Jul-23	0%	

Financials							
Budget and Expenditure Summary							
Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Final Forecast Cost	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$10,515	\$10,515	\$11,869	\$0	\$11,869	\$1,354	
Consents/Approvals (Phase 4)	\$30,000	\$30,000	\$0	\$30,000	\$30,000	\$0	
Design (Phase 4)	\$106,225	\$106,225	\$109,849	\$0	\$109,849	\$3,624	
Construction (Phase 4)	\$787,640	\$1,037,640	\$179,924	\$852,736	\$1,032,660	-\$4,980	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$85,920	\$85,920	\$34,559	\$51,361	\$85,920	\$0	
Contingency	\$53,700	\$53,700	\$0	\$53,700	\$53,700	\$0	
Total	\$1,074,000	\$1,324,000	\$336,201	\$987,797	\$1,323,998	-\$2	

Risks/Issues/Outcomes

Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)

Risk ID - Risk/Issue	Mitigation	Residual Risk
10019 / 1 - Caused by flooding of the Inangahua River combined with the temporary nature of the current stop bank	On going maintenance required on the temporary stop bank	10
10019 / 2 - Caused by excavation of contaminated ground	Agree method with contractor then follow up with regular site inspections by BDC	10

Communications

An update on media, marketing and communication activity for the programme/project

A media release was prepared March 2023, updating the public on progress with this project
 Internal BDC stakeholders are being updated on a regular basis

Risk Key

Risk Rating		Action, Escalation & Review Timeframe Needed
20 – 38	Extreme	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 – 16	High	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 – 9	Moderate	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 – 3	Low	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
Almost certain	5	Event is expected to occur more than once in the next year
Likely	4	Event is expected to occur once in the next year
Possible	3	Event could occur at least once in the next two years
Unlikely	2	Event could occur at least once in the next 3 to 5 years
Rare	1	Event is unlikely to occur in the next 5 years

		Risk Assessment Matrix				
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
		Likelihood				



Programme/Project Details

Location and Region:	Buller District
Contracted Amount:	\$3,500,000
Reporting Period:	March 2023
Project Principal:	Buller District Council (BDC)
Project Partner(s):	DIA (Crown Infrastructure)
Programme Manager:	Penny Bicknell
Programme Outcomes:	The scope is made up of 9 projects approved by DIA that meet the funding criteria and demonstrate wellbeing outcomes.

Project Overview/traffic Light Status/High-Level Summary (G = Green; A = Amber; R = Red)

Aspect	Status	Comments
Overall:	G	The programme was prioritised by Council and approved by Crown Infrastructure
Budget:	G	\$3,500,000
Scope:	G	The Programme of works includes the following approved projects: <ul style="list-style-type: none"> • Three Waters projects • Reefton Wastewater/Stormwater modelling • Westport Waste/stormwater separation – smoke testing • Climate Change Adaptation and Master Planning • Community Hub Feasibility Study • Civil Defence • Airport Relocation options study • Waimangaroa Water (on hold as current scope ineligible – alternative options to be submitted) • Karamea Water
Resource:	G	Resource to be assigned to each project as required
Schedule:	G	Schedule to be determined. Final deadline for Crown Infrastructure projects programme is 30 June 2027
Risks / Issues:	G	Scope of works may need to be reduced in some projects to ensure they remain in budget

State of Play	
Last Month (April)	Next Month (May)
<ul style="list-style-type: none"> • Penny Bicknell assigned as Programme Manager • 3 Waters – list of projects prioritised by BAU team • Reefton Wastewater/Stormwater modelling - Mel Sutherland assigned to project manage • Westport waste/stormwater separation – smoke testing completed • Climate Change Adaptation – confirmed budget with Di Rossiter which combines with Council budget – Project established and scoped and reports to Council on a monthly basis • Master Planning - (Paul Zaanen). Discussions re Procurement Plan • Community Hub Feasibility Study – Rick Barry appointed to project manage. Scoping document completed. • Civil Defence (Sean Judd) – scoping document and costings completed. Starlink devices and EOC zoom capability procured. Funding drawn down in first 10% claim. • Airport Relocation Options study (Paul Zaanen) • Waimangaroa Water – deemed to be ineligible for funding as funding already budgeted and committed by Council • Karamea Water – To Supply Karamea Reserve Campground with potable water from rainwater to new water standards. Work is 95% complete with system operational. Funding drawn down in first 10% claim. 	<ul style="list-style-type: none"> • 3 Waters – Project Manager to be assigned. • Reefton modelling – scoping of project. • Initial smoke testing work complete. Follow up to testing and fixing of identified faults. Dye testing to identify source of x-connection or leaks and remedial actions. • Meet with Di Rossiter and understand the cross over of the different budgets and timeframes. • Master Planning - Scoping document and procurement plan to be finalised. • Community Hub - Contract Feldspar to undertake study which will take 9 months to complete. • CD - Planning meeting to discuss final items to procure. Schedule to complete by end of May. • Airport - Final scoping document to be completed. • Waimangaroa – Alternative options for projects for this funding to be put forward to Council for June meeting. • Karamea Water - Final work to be completed – to complete hot water plumbing and cold-water connection change.

Project Road Map/Schedule (Deadline for completion 30 June 2027)																		
Project task	Feb 2023	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2024	Feb	Mar	Apr	May	Jun	Comments
3 Waters																		Commencing May – completion date to be confirmed
Reefton Wastewater/stormwater modelling																		Not started
Westport waste/stormwater smoke testing																		Smoke testing completed. Timings of next steps to be confirmed
Climate Change Adaptation																		Ongoing – linked to other funding
Master planning																		Procurement/tender being prepared
Community Hub feasibility study																		Feldspar contracted
Civil Defence																		Complete in May
Airport relocations options study																		Not started
Karamea Water																		Complete in May
Westport Water																		\$100k to be reprioritised from Westport waste/stormwater smoke testing project
Waimangaroa - options																		Options to be put to June Council meeting

Financials (31 March 2023)

A summary of funding received and expenditure to date actual against budgeted for each Project Element is shown in the table below.

Programme/Project Item	Budget	Actual Spend	Drawdown /claim	Forecast cost to complete	Project Variance	Commentary
10265 - 3 Waters	\$1,260,000		\$ 5,000	\$1,260,000		
10266 - Reefton Wastewater modelling	\$ 150,000			\$ 150,000		
10267 - Westport Wastewater/smoke testing	\$ 400,000			\$ 300,000	\$ 100,000	To request reprioritisation to Westport critical water
10270 - Climate Change adaptation	\$ 250,000			\$ 250,000		
TBC - Master Planning	\$ 250,000			\$ 250,000		
10271 - Community Hub Feasibility	\$ 150,000		\$ 5,000	\$ 150,000		
10272 - Civil Defence	\$ 275,000		\$ 275,000	\$ 275,000		
10273 - Airport Relocation options study	\$ 50,000			\$ 50,000		
10268 - Waimangaroa Water	\$ 650,000			\$ 650,000		
10269 - Karamea Water	\$ 65,000		\$ 65,000	\$ 65,000		
Total	\$3,500,000	\$0.00	\$ 350,000	\$3,400,000	\$ 100,000	

Communications

An update on media, marketing and communication activity for the programme/project

Westport News reported on the request to reprioritise funding from Waimangaroa and Westport smoke testing projects and the subsequent discussions at the April Council meeting. Tranche 2 funding has been withdrawn by Government.

Agenda Item 6

Commercial & Corporate Services Portfolio Report

- *Buller Ports Package*

Buller District Port Package (R07.02907.02/03)

Project Details

Location and Region:	Westport, Buller district, West Coast
Contracted Amount:	\$3,300,000 excl. GST
Reporting Period:	For period ending 30 th April 2023
Project Principal/Recipient:	Buller District Council
Project Partner(s):	Ministry for Business, Innovation & Employment (MBIE)
Project Manager:	Phil Rossiter
Programme Outcomes:	(a) new employment, the preservation of jobs and the redeployment of workers in communities and within the infrastructure sector hit by COVID-19; and (b) investment toward a more productive, sustainable, and inclusive economy, enabling our regions to grow and support a modern and connected New Zealand.

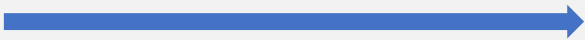
Project Overview (High-Level Summary)

Aspect	Status	Comments
Overall:	G	This is a FINAL report with the project having been concluded and all close-out reporting and final claim processes completed. The project is considered successful, having achieved excellent benefits and results.
Budget:	G	The project was completed within the allocated \$3.3M budget (actual costs totalled \$3,196,603), with all eligible costs having been claimed from MBIE (Kānoa).
Scope:	G	The scope has been completed as planned, with a wide range of functional, security, and safety improvements completed throughout the fishing and bulk precincts. The scope was optimised to ensure maximum impact and value for the precinct and its users and to catalyse third-party (private) investment.
Resource:	G	Whilst resourcing was affected throughout the project (due to Covid-related factors), the project is now complete.
Schedule:	G	The project was completed in-line with its funding agreement, noting that the funding agreement was varied to accommodate Covid-related impacts over its 30-month duration. The understanding and support of MBIE (Kānoa) has been appreciated as the project has worked through these issues.
Risks / Issues:	G	No significant/acute project risks remain, given the project has been completed.

State of Play

Last Month	Next Month
<ul style="list-style-type: none"> Wharf-edge strengthening in the bulk precinct was completed. The site entry/exit upgrade was completed, albeit some post-commissioning fine-tuning is occurring in relation to the automated security gate motor. Hosted the Kānoa's Principal Regional Advisor and undertook a site visit to view the completed scope. Completed all project reporting and claim work. 	<ul style="list-style-type: none"> Nil (project closed).

Project Road Map/Schedule

Programme/Project task	Dec '22	Jan '23	Feb '23	Mar '23	Apr '23	Comments
Work Programme A: Westport gravel removal and seawall repairs						Component A was completed as at the end of June 2022.
Work programme B: Westport bulk shipping and fishing precincts						Component B was completed as at the end of April 2023.

Milestones				
Milestone	Baseline Date	Actual/Target Date	% Complete	Comments
Work Programme A: Westport gravel removal and seawall repairs				
Award design contract	30/09/2020	21/12/2020	100	Engineer (WSP ChCh) appointed for expert input and advice on wharf structures. Hydrological and survey input appointed for gravel extraction
Award procurement contract	30/10/2020	1/04/2021	100	Gravel extraction is river based; therefore, dredge is required and will be used
Obtain all consents	30/11/2020	1/04/2021	100	Consents in place for river-based dredging
Award construction contract	30/11/2020	30/04/2021	100	Gravel extraction is river-based; therefore, dredge is required
Complete construction	30/04/2021	30/06/2022	100	Complete. 155,720m ³ of gravel removed
Opening event	31/03/2022	31/05/2023	TBC	To be determined/confirmed with Kānoa and Council
Milestone	Baseline Date	Actual/Target Date	% Complete	Comments
Work Programme B: Westport bulk shipping and fishing precincts				
Award detailed design contract	30/10/2020	31/01/2021	100	Innumerable design tasks – not one design contract
Award procurement contract	30/10/2020	30/06/2022	100	Completed
Obtain all consents	31/12/2020	30/06/2022	100	Building consent secured for harbourmaster office upgrade
Obtain all property rights	31/12/2020	31/05/2021	100	No issues
Award construction contract	28/02/2021	10/07/2022	100	Completed
Complete construction	28/02/2022	30/04/2023	100	Completed in April 2023
Opening event	31/03/2022	31/05/2023	TBC	To be determined/discussed with Kānoa and Council

Financials

A summary of funding received and expenditure to date actual against budgeted for each Project Element is shown in the table below.

Programme/Project Item	Indicative Cost	Actual Spend	Forecast (remaining) cost to complete	Project Variance	Commentary
Work Programme A: Westport gravel removal and seawall repairs					
Project management and coordination	\$75,000	\$114,985	\$0	-\$39,985	Additional planning and task coordination required
Engineering assessments and design	\$35,000	\$36,945	\$0	-\$1,945	Additional engineering assessment and design required
Consents	\$10,000	\$0	\$0	\$10,000	No consents identified as required
Procurement, legal and tenders	\$20,000	\$0	\$0	\$20,000	Less legal/procurement input forecast
Civils works/site works for gravel extraction	\$1,400,000	\$1,662,500	\$0	-\$262,500	Significant gravel volumes identified requiring extraction
R&M to seawalls/wharf back-sheathing	\$460,000	\$17,980	\$0	\$442,020	Nil variance forecast at this stage. Project estimate considered realistic.
Component Total	\$2,000,000	\$1,832,410	\$0	\$167,590	Forecast surplus to be used to support Component B
Work Programme B: Westport bulk shipping and fishing precincts					
Project management and coordination	\$40,000	\$43,715	\$0	-\$3,715	Additional planning and task coordination required
Procurement, legal and tenders	\$20,000	\$15,829	\$0	\$4,171	Less legal/procurement input forecast
Design and engineering assessment and consents	\$30,000	\$99,977	\$0	-\$69,977	Intensive engineering design and assessment input required
Civil works/site works	\$1,210,000	\$1,204,672	\$0	\$5,328	Modest (5%) variance planned and forecast.
Component Total	\$1,300,000	\$1,364,193	\$0	-\$64,193	Forecast deficit supported by surplus from Component A
PROJECT Total	\$3,300,000	\$3,196,603	\$0	\$103,397	Projected concluded with a minor (3%) positive variance (surplus)

FINANCIAL SUMMARY AS AT APRIL 2023:

INCOME RECEIVED TO DATE = \$3,132,410; INCOME CLAIMED BUT NOT YET RECEIVED = \$64,193; FINAL PROJECT COST = \$3,196,603; INCOME FORECAST TO BE CLAIMED IN FUTURE = \$0

Employment Outcomes

The following table shows the number of people working to deliver the project in the current reporting period

Programme/Project Element	Total people working	No. previously unemployed	No. local	No. aged 15-24	No. Māori	No. Pasifika	No. Women	Job Type (Full-time; Part-time; Contractor; Consultant)
A (Gravel extraction)	0	0	0	0	0	0	0	Component completed
B (Bulk and Fishing Precinct)	8	0	6	0	0	0	0	8 contractors
Total	8	0	6	0	0	0	0	

The following table shows total current, past, and expected future jobs

Current Jobs	No. of people previously but no longer employed on the project	Expected jobs in the future
8	Nil (for the reporting period)	Nil (project complete)

Additional narrative to explain the above table or to give other relevant information

Approximately 35 individuals were employed by this project component, amassing almost 8,800 hours. Just over 80% of those employed were local.

Risks/Issues/Opportunities

Key risks and/or issues arising are detailed below

Risk/Issue	Magnitude	Likelihood	Mitigation
Nil (project complete)	N/A	N/A	N/A

Social Procurement Outcomes

The following table shows achievements to date against the Social Procurement Objectives agreed to

Outcome	Measure	Status/Comments
Employment of targeted workers	Prioritising workers identifying as: 1) Local (in-region) workers; 2) Māori or Pasifika; 3) Employment of women prioritised where possible	6 of the 8 personnel involved in the project for the reporting period were local. The extent to which the measure can be controlled by the project is somewhat limited and is significantly influenced by contractor workforce composition.
Local businesses	75% of the direct contracts and sub-contracts associated with the project will be awarded to businesses owned and operated by people who reside and operate in the region	This measure was exceeded, with just over 80% of the employment being delivered by locals.
Worker conditions	100% of workers engaged on the project will be paid the living wage or greater and 100% of employees will be covered and managed by a fit-for-purpose and current health and safety system	Target fully met.
Environmental responsibility	Adoption of practises that enable the project to be delivered sustainably, including by: <ul style="list-style-type: none"> - protecting or enhancing the local ecosystem and its indigenous biodiversity - actively seeking to minimise the carbon impact of project delivery, to support the transition to a net zero emissions economy - minimising waste, re-using materials, and where possible incorporating the principles of the circular economy - using water resources efficiently - using low-impact, sustainably and locally sourced materials and products; and/or - including resilience to the impacts of a changing climate 	This project has been majority delivered by local resources and personnel, ensuring minimisation of transport emissions. The project involved the establishment of a modern, fit-for-purpose waste oil handling, storage, and recycling facility. This replaces past substandard practices of waste oil storage above the Port water bodies that presented significant environmental risk.

Communications

An update on media, marketing, and communication activity for the programme/project

The Buller Port Project provides an opportunity for external communications and/or dignitary visits. The Principal Regional Advisor (Kānoa) undertook a site visit in April and is well placed to consider and advise on a Ministerial visit, should the opportunity arise.

Additional/Other Information

Nil.

Project Photographs



Harbourmaster office (before/during)



Harbourmaster office (after)



Port entry/exit (before/during)



Port entry/exit (after)

Project Photographs



New waste oil storage and recycling facility



New secure ablutions facility



New power and water pedestals (note power and water now moved onto deck of wharf and protected under a steel flange)



Rear of new power and water pedestals showing water tap for berthed vessels

Project Photographs



Example of extensive new perimeter fencing for security and control



New fall protection fencing separating wharf entities



New safety fencing to isolate hazardous areas of the Port



New strengthened wharf edge to support on-going use

Project Photographs



New monitoring (weather, swell, camera) system at Buller River bar



New height access (ladder) system upgrade for bar monitoring system



New electrical switch room as part of major power upgrade (old 'room' left; new facility on right)



Upgraded electrical switchboard

RISK AND AUDIT COMMITTEE

17 MAY 2023

AGENDA ITEM 13

Prepared by Douglas Marshall
Chief Financial Officer

PUBLIC EXCLUDED

1. REPORT SUMMARY

Subject to the Local Government Official Information and Meetings Act 1987 s48(1) right of Local Authority to exclude public from proceedings of any meeting on the grounds that:

2. DRAFT RECOMMENDATION

RESOLVED that the public be excluded from the following parts of the proceedings of this meeting:

Item	Minutes/Report:	General subject	Reason for passing resolution Section 7 LGOIMA 1987
14	Rachel Townrow Acting Chief Executive	Projects in Partnership Update Report - IAF Funded Project	s7(2)(c)(i) protect information which is subject to an obligation of confidence, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied s7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
15	19 April 2023	Confirmation of Minutes	s 7(2)(b)(ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information

Item	Minutes/Report:	General subject	Reason for passing resolution Section 7 LGOIMA 1987
			<p>s 7(2)(h)) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p> <p>s 7(2)(i)) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p> <p>s 7(2)(j)) prevent the disclosure or use of official information for improper gain or improper advantage</p>