



AGENDA

Meeting of the
Risk and Audit Committee

Wednesday 17 April 2024
commencing at 3.30pm

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 2024 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.

NONE OF US IS AS SMART AS ALL OF US

Risk and Audit Committee

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

GENERAL PRINCIPAL

1. The work of this Committee will be in accordance with the priorities and work programme agreed by the Council.
2. This Committee has 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.

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.
9. Ensuring Council's Polices and Bylaws are fit for purpose and comply with all relevant legislation.
10. Guiding the development of Council's Climate Change Adaptation Plan

TERMS OF REFERENCE:

General

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.

Strategy, plans and policy

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

Bylaws

20. Develop and agree to the statement of proposal for new or amended draft bylaws for consultation.
21. Recommend to Council new or amended bylaws for adoption.

Consultation and engagement

22. Ensure appropriate, effective and transparent engagement with the community, tangata whenua and other stakeholders.
23. Conduct any public engagement required on issues before the Committee, in accordance with Council's Significance and Engagement Policy.
24. 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

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

Contracts

28. 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.

Reserves and Halls Subcommittees

29. Monitor and oversee the Reserves and Halls Subcommittees.

Creative Communities Subcommittee

30. Monitor and oversee the Creative Communities Subcommittee.

Other Matters

31. 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
32. Review the effectiveness of the systems for monitoring the Council's compliance against legislation, regulation, policy, and guidelines (including health and safety).
33. 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.
34. Provide an annual review of Council's risk management framework and amend as required.
35. Review and monitor business continuity planning.
36. 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.
37. 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.
38. Commission new Committee reports and work required to respond to significant or compliance issues, or to complete the agreed programme of Council.
39. Monitor Audit recommendations and ensure completion.

The Committee is delegated the following powers:

- The Committee may make recommendations to Council.
- 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.

Risk and Audit Committee

Clocktower Chambers,
Palmerston Street, Westport



17 April 2024 03:30 PM

Agenda Topic	Page
1. Apologies	9
2. Members Interests	10
3. Confirmation of Previous Minutes Report	11
3.1 Attachment 1 - 240313 RAC Minutes Public Unconfirmed	12
4. Action Points Report	20
4.1 Attachment 1 - 240417 RAC Action Points	21
5. RAC Workplan Report	25
5.1 Attachment 1 - 240417 RAC Workplan	26
6. Procurement Policy Review April 2024	27
6.1 Attachment 1 - BDC Procurement Policy	32
7. Update - Director Remuneration	80
8. April 2024 Leasehold Property Report	83
9. Climate Adaption Project Report	88
9.1 Attachment 1 - Climate Adaptation Project Update	89
10. Port & Dredge – Reporting On Interest Charges	95
11. Investments and Borrowings Report February 2024	99
12. 12 Capital Receipts and Expenditure to 31 December 2023 Update	110
13. Morrison Low Follow Up Reports	111
13.1 Attachment 1 - Morrison Low Recommendation	114

14.	<u>NEMA, IAF And Better Off Funding Project Status Report Summaries From Projects In Partnership</u>	117
14.1	<u>Attachment 1 - NEMA Projects Status Report February 24</u>	120
14.2	<u>Attachment 2 - Better Off Funded Projects Status Report February 24</u>	127
14.3	<u>Attachment 3 - 2402 IAF Bundle report R1 - PIP report</u>	133
14.4	<u>11.4 - Attachment 4 - 240212- Projects in Partnership - Confirmed Minutes 12 February 2024</u>	138
14.5	<u>11.5 - Attachment 5 - 240212- Projects in Partnership - Confirmed Minutes 12 February 2024 Public Excluded</u>	141
15.	<u>Public Excluded Report</u>	142

RISK AND AUDIT COMMITTEE

17 APRIL 2024

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 APRIL 2024

AGENDA ITEM: 2

Prepared by Douglas Marshall
Chief Financial Officer

MEMBERS INTEREST

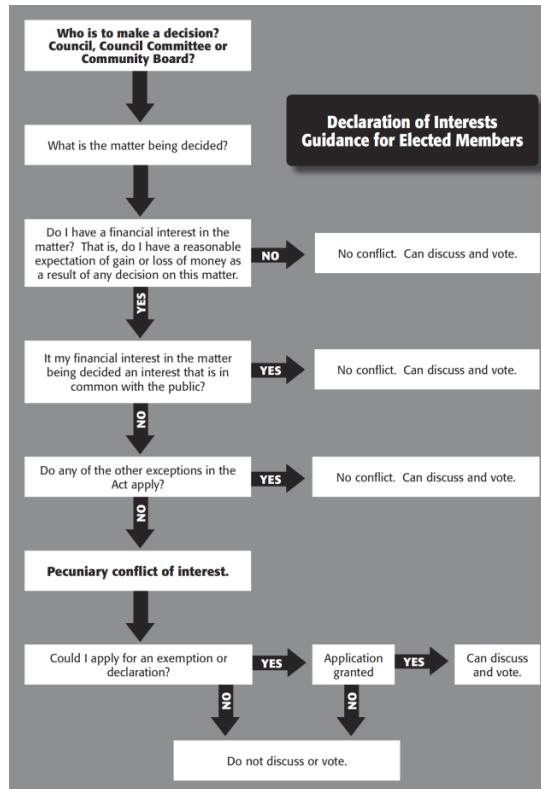
Members are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

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 APRIL 2024

AGENDA ITEM: 3

Prepared by Douglas Marshall
Chief Financial Officer

CONFIRMATION OF PREVIOUS MINUTES

1. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive and confirm Public minutes from the meeting of 13 March 2024.



MEETING OF THE RISK AND AUDIT COMMITTEE, HELD AT 3.30PM ON WEDNESDAY 13 MARCH 2024 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.

PRESENT: S Roche (Chair), Mayor J Cleine, DM A Basher, Councillors P Grafton, J Howard, C Reidy, T O'Keefe, G Neylon (via Zoom), R Sampson, L Webb (via Zoom), G Weston, N Tauwhare (via Zoom)

IN ATTENDANCE: S Gibling (CEO), D Marshall (Chief Financial Officer), L Brooks (Finance Manager), J Salmond (Senior Project Lead PMO), Krissy Trigg (Group Manager Community Services), Nathan Riley (Group Manager Regulatory Services) P Holms (Group Manager Assistant)

MEETING DECLARED OPEN AT: 3.24pm

1. APOLOGIES (Page 10)

Discussion:

An apology was received from Cr A Pfahlert.

RESOLVED that the Risk and Audit Committee receive an apology from Cr Pfahlert.

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

2. MEMBERS INTEREST (Page 11)

Discussion:

Nothing to declare.

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

**DM A Basher/Cr P Grafton Moved
12/12 QTY
CARRIED**

3. CONFIRMATION OF MINUTES (Page 12)

RESOLVED that the Risk and Audit Committee receive and confirm minutes from the meeting 14 February 2024.

**Cr T O’Keefe/Mayor J Cleine Moved
12/12 QTY
CARRIED UNANIMOUSLY**

4. ACTION POINTS (Page 21)

Discussion:

Terms of Reference require updating prior to next meeting. Due to come to full council meeting at the end of the month.

229: Information Management Project

Action Point - D Marshall to provide the monetary value in 2024/25 Enhanced Annual Plan.

232: Debt Recovery Report

Explanation that budget is correct. Cr J Howard would like clarification of water tanks and emergency water projects. More discussion in agenda #12.

234: Dredge – update in April

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

**DM A Basher/Cr J Howard
12/12
CARRIED**

5. RISK AND AUDIT WORKPLAN REPORT (Page 25)

Discussion:

Will move to Bi-monthly meetings in “even” months.

D Marshall and S Roche to work on this for the next meeting.

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

S Roche/Cr G Weston

12/12

CARRIED UNANIMOUSLY**6. PORT & DREDGE – REPORTING ON INTEREST CHARGES (Page 27)****Discussion:**

Withdrawn. Will come to next RAC meeting.

7. STRATEGIC RISK REGISTER UPDATE MARCH 2024 (Page 31)**Discussion:**

First workshop to be held on 27 March with Councillors at 9am. Will review the entire process.

RESOLVED That the Risk and Audit Committee note the updates received for the Strategic Risk Register as of March 2024.

Cr J Howard/Cr P Grafton

11/11

Cr Reedy abstained

CARRIED

8. HEALTH AND SAFETY REPORT – NOVEMBER 2023 – JANUARY 2024 (Page 40)**Discussion:**

S Roche commended the team and asked S Gibling to pass on thanks for all the work gone into this report.

S Gibling advised that this is part of council's commitment to provide safe and healthy working place for all staff.

S Gibling also advised, he would bring the engagement survey to next meeting. Engagement survey gave good feedback from the staff. Looking at ways to implement changes from the staff point of view, through training and support.

Mayor J Cleine advised that there will be online training support around bullying and harassment from social media. This will be held by LGNZ on 18 April.

RESOLVED That the Risk and Audit Committee receive the Health and Safety report for information.

DM A Basher/Cr T O'Keefe

12/12

CARRIED UNANIMOUSLY

9. STATEMENT OF INTENT – BULLER HOLDINGS LTD GROUP FOR THE YEAR ENDED 30 JUNE 2025 (Page 44)

Discussion:

D Marshall noted that in the previous year's SOI feedback, BHL were to consider fee changes and any other matters possible that are recovered in the management fee that would reduce it. He noted that PERC fees are to increase from 1 April 2024 and opening hours are being reviewed from that date as well. Both changes are included in the proposed new management fees arrangement from 1 July 2024 to reduce that increase proposed by BHL.

Cr G Neylon held a view that the SOI did not take a strategic view for the future. S Roche suggested that the SOI did but agreed to take that view to the next BDC/BHL governance meeting to be held in early April and she will report back.

Cr C Reidy asked for some clarification about the key benefits of the BDC/BHL parent-group structure. D Marshall will report back.

Noted that Resolution **(a)** was accepted and moved, and Resolution **(b)** did not proceed.

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 which are combined into one document named the Buller Holdings Group Statement of Intent for the year ending 30 June 2025 for discussion.

**Cr R Sampson/Mayor J Cleine
CARRIED UNANIMOUSLY**

- ~~b. Instruct Buller District Council Staff to reinforce the requirement for the 2024-2025 \$1.3million distribution to be paid in full to Buller District Council with the Board of Buller Holdings Limited **DID NOT PROCEED**. Representatives of the Council and Board of Directors to meet and discuss the draft SOI 2024/25~~

10. STATEMENT OF INTENT – WESTPORT AIRPORT AUTHORITY – 30 JUNE 2025 (Page 67)

Discussion:

4.25pm Mayor J Cleine left the room.

4.27pm Mayor J Cleine returned

It was noted that the impacts on capital spend need to be checked before the final version is returned to the council which will happen after discussions on the SOI are completed with the Government in their role as a member of the JV arrangement.

4.42pm Cr T O'Keefe left the room.

4.45pm Cr T O'Keefe returns.

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 2025, noting the amendment to capital expenditure.

**DM A Basher/Cr P Grafton
11/11
Cr C Reedy abstained
CARRIED**

- b. Request staff to engage with the Ministry of Transport and report their views to the Council when the Statement of Intent is adopted as a final, prior 30 June 2024.

**DM A Basher/ Cr T O'Keefe
11/11
Cr C Reedy abstained
CARRIED**

**11. INVESTMENTS AND BORROWINGS – AS AT 31 JANUARY 2024
(Page 77)**

RESOLVED That the Risk and Audit Committee receive the Investments and Borrowings report as of 31 January 2024 for information.

**DM A Basher/Cr G Weston
12/12
CARRIED UNANIMOUSLY**

12. DEBT MANAGEMENT REPORT 31 JANUARY 2024 (Page 87)**Discussion:**

S Roche acknowledge those were affected by the floods, and by the team who assisted. Especially rates arrears. Options for people and great our staff were pursuing this.

RESOLVED That Risk and Audit Committee receive the Debt Recovery Report as at 31 January 2024 for information.

Cr P Grafton/Cr T O'Keefe

11/11

Cr C Reedy abstained

CARRIED

13. CAPITAL RECEIPTS AND EXPENDITURE REPORT TO DECEMBER 2023 (Page 95)**Discussion:**

DM A Basher questioned Appendix C, on page 101. 80k from Reefton Service Centre?. What was the total cost of this project and what was budgeted?

Action Point

Finance team to answer this in April - provide more detail and clarity for approval.

4.58pm Cr R Sampson left the room

S Roche gives thanks to Douglas and the team, for getting all this information to the committee.

Noted that Resolution **(3)** has been reworded.

5.01pm Cr R Sampson returned.

RESOLVED That the Risk and Audit Committee

1. Receive the Capital Receipts and Expenditure Report to 31 December 2023 for information.
2. Not put forward. Action Point to be brought back to RAC. Final cost of project to be brought back.

3. *Approve a total of \$35 to be funded from the Reserves Contributions for projects that were approved in previous 22/23 annual plan for which the budget should have been carried over.*

**Cr T O’Keefe/Cr Weston Moved
10/10
Cr N Neylon Against
Cr C Reedy abstained
CARRIED**

14. NEMA IAF AND BETTER OFF FUNDING PROJECT STATUS REPORT SUMMARIES FROM PROJECTS IN PARTNERSHIP (Page 104)

Discussion:

Clarification was sort as to how the Better Off Funding is claimed and reported. Staff to report back with further information.

RESOLVED That the Risk and Audit Committee receive the Reports and Minutes from the January Projects in Partnership meeting.

**DM A Basher/Cr P Grafton
11/11
Cr C Reedy abstained
CARRIED**

15. PUBLIC EXCLUDED REPORT: (Page 123)

Discussion:

Mayor J Cleine questioned why LGOIMA’s would be in the Public Excluded.

S Gibling explained that due to the commercial, sensitive information it is not appropriate to share with the public.

5.20pm Cr C Reedy left the room.

5.23pm Cr C Reedy returned.

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

Item No.	Minutes/ Report of:	General Subject	Reason For Passing Resolution under LGOIMA
PE 1	Douglas Marshall - Chief Financial Officer	Confirmation of Previous Public Excluded Minutes	(s 7(2)(i)) - enable any local authority holding the information to carry on, without prejudice or disadvantage,

ATTACHMENT 1

			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.
PE 2	Steve Gibling - Chief Executive Officer	LGOIMA Summary	(s 7(2)(a)) - Protect the privacy of natural persons, including that of deceased natural persons;

S Roche/Mayor J Cleine
12/12
CARRIED UNANIMOUSLY

Moved into Public Excluded 5.26pm

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 4

Prepared by Douglas Marshall
Chief Financial Officer

Attachment 1 Action Points

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:
218	16 August 2023 Pump Stations Lifting of pump stations to be added to the Strategic Risk Register	D Marshall	This item will remain on the action point report until it is transferred to the strategic risk register when it is completed in mid 2024 calendar year	13 September 2023 11 October 2023 June 2024 RAC
228	15 November 2023 Strategic Risk Register D Marshall to bring first draft of updated SRR to March RAC.	D Marshall	Update report included in agenda Strategic Risk Register review due to be completed by June 2024	June 2024 RAC
229	15 November 2023 Information Management Project D Marshall to go back through LTPs from the beginning of this project to look at budget allocations. D Marshall to provide the monetary value in 2024/25 Enhanced Annual Plan.	D Marshall	The following information has been updated to reflect the actual spend v budget spend to 29 February 2024, forecast spend to 30 June 2024. From 1 July 2024, an allowance has been placed each year of \$40,000 per annum to continue the digitisation process of council files. Any funding unspent from the project budget to 30 June 2024 will be carried forward into the 2024/2025 financial year.	August 2024 RAC

Financial periods	Forecast	Actual	Budget
To 30 June 2022	\$102,000	\$102,000	\$328,000
July 2022 to June 2023	\$229,000	\$229,000	\$219,000
July 2023 to 28 February 2024	\$64,000	\$63,829	\$70,000
1 March 2024 to 30 June 2024	\$40,000		\$30,000
After 1 July 2024 - carry forward	\$212,000		
Total	\$647,000	\$394,829	\$647,000
LTP <u>annual</u> provision from 1 July 2024			\$40,000

RAC Action Points - CURRENT

ATTACHMENT 1

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
233	14 Feb 2024 PE: PIP IAF Funded Projects Staff to ensure climate change adaptation is identified in SRR	D Marshall	Risk identified and will be included within the Strategic Risk Register review due to be completed by June 2024	March 2024 RAC June 2024
234	14 Feb 2024 DREDGE A number of matters identified in the Feb RAC meeting to be reported back on in March	D Marshall	A report is included on the agenda in relation to this action point	April 2024 RAC
235	14 Feb 2024 Slumpage in wharf back wall Staff noted that harbour land adjacent to Cobden St has problem with slumpage in the wharf back wall. Council Engineers advised that the slumpage relates to a broken stormwater pipe and repair costs are not able to be claimed via the flood recovery process. The repairs will be funded from the Council stormwater and harbour accounts.	D Marshall	Staff to advise when work is complete	June 2024
236	14 Feb 2024 Crack in Buller Coal Ltd shed floor Recent media coverage was discussed about this topic. The shed is located on council owned land and councillors were concerned there might be an exposure to the council if this cracking became a larger problem. Staff advised that the	D Marshall	Staff to advise if any further issues arise.	On Going

RAC Action Points - CURRENT

ATTACHMENT 1

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
	problem is not that of council, but councillors asked to keep the matter on the Action Points for future monitoring.			
237	<p>13 March 2024</p> <p>STATEMENT OF INTENT – BULLER HOLDINGS LTD GROUP FOR THE YEAR ENDED 30 JUNE 2025</p> <p>D Marshall to find out about the tax, benefit to rate payer, director moving forward which way company operates.</p>	D Marshall	Moved to June 2024 RAC	June 2024
238	<p>13 March 2024</p> <p>CAPITAL RECEIPTS AND EXPENDITURE REPORT TO DECEMBER 2023</p> <p>Finance team to answer this in April - provide more detail and clarity for approval.</p>	L Brooks	An update is provided in the April Agenda	April 2024
239	<p>13 March 2024</p> <p>NEMA IAF AND BETTER OFF FUNDING PROJECT STATUS REPORT SUMMARIES FROM PROJECTS IN PARTNERSHIP</p> <p>D Marshall to follow up with Penny Bickell about the figures on page 116, attachment #2 \$153,817.</p>	D Marshall	<p>The following is quite a lengthy explanation, but hopefully explains how the value of \$153,817 is calculated.</p> <p>The financial summary is made up as follows;</p> <ul style="list-style-type: none"> • Revenue to date includes the original 10% drawdown which was a payment in advance. This 10% was apportioned to several projects with \$38,751 still in credit on the Civil Defence project as this project was apportioned with the full \$275k. • Actual Cost = Claim submitted, plus revenue to date plus the amount to be claimed less \$38,751 which has already been drawn down. • To claim column shows the amount we need to submit to DIA for reimbursement and does not show that the Civil Defence budget is in credit by \$38,751. 	April 2024

RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
			<p>Reimbursement</p> <ul style="list-style-type: none"> • The claim process to DIA is to submit a report for each project with a claim supported by invoices incurred from suppliers. Once approved, the claimed amount will be reimbursed. This is a lengthy manual process, as the claim submission is the same report as the 6 monthly report process which asks for a lot of information and forecast updated for the remaining budget. • At 30 December there was a total of \$153,817 that should be eligible for reimbursement subject to a claim being submitted. • It takes 4-6 weeks for a claim to be processed. • The \$347,864 Claim submitted total in this summary has been approved by DIA. • At 31 January we have a total of \$318,004 to claim across 7 projects. 	
240	<p>13 March 2024 BULLER DISTRICT COUNCIL LGOIMA'S 2023 The CEO is instructed to prepare a report back to full Council regarding potential charges for LGOIMA requests.</p>	CEO		<p>April 2024 June 2024</p>

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 5

Prepared by: Douglas Marshall
Chief Financial Officer

RISK AND AUDIT WORK PLAN

1. DRAFT RECOMMENDATION

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

2. 30 JUNE 2023 ANNUAL REPORT ADOPTION

As committee members will be aware, the Annual Report has been delayed in adoption due to the forensic review process that has been underway for a few months. Finance staff have also been working on the draft Annual Plan process and have not had time to complete any Annual Report matters when considering over the last two to three months the Annual Plan was the priority document.

With the plan now out to consultation, we have turned our staff resource to tidying up and completing several issues with our auditors so that when the forensic report is completed, we will be able to determine what, if any, adjustments to the Annual Report may be required.

The main reason that the Annual Report was placed on hold is that the Council, via its Mayor/CEO, must provide the auditor with an assurance that there are no investigations ongoing to the Council's financial matters that may have an impact on the completion of an Annual Report and its audit report. As they could not do that, the prudent position was to place the annual report completion on hold until the forensic review was completed.

Any updates on the report adoption process will be verbally provided at this meeting.

Risk and Audit Committee
Proposed Programme 2024 Calendar Year

Categories/Reports Proposed	SLT Member	Reporting Officer	February	March	April	May	June	July	August	September	October	November	December
Risk & Assurance Items													
Ernst & Young Report on BDC's Annual Report and its Preparation	CFO	Finance Manager		Moved to April	→								
Strategic Risk Register Update	CFO	CFO		✓	✓		✓				✓		✓
Strategic Risk Framework Review	CFO	CFO							✓				
Health and Safety Report Update	CFO	HR		✓			✓		✓				✓
BHL Letter of Expectation	CFO												✓
CCO Statements of Intent	CFO	Finance Manager		Draft			Final						
CCO Director Appointments and Remuneration	CFO	Finance Manager			Review Appointments and remuneration levels								
CCO Exemption Paper (required every 3 years)	CFO	Finance Manager	✓										
BHL Quarterly Financials	CFO	Finance Manager	✓				✓				✓		
BHL Annual Report (adopt is required under law by 30 Sept each year)	CFO	Finance Manager									✓		
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				Insurance Update Report		Finalise
Review of Procurement Policy	IS	Manager Infrastructure Delivery/CFO			✓		✓						
Update on By-law review process	CEO	Community Services Manager											
Review of BDC Created Policy	CFO	CFO					✓				✓		
Review of Business Continuity Plan	CFO	CFO	✓						✓				
LGOIMA report	CEO	CEO	✓				✓		✓				✓
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					EY Closing Report		✓				✓
Follow-up on matters raised in Morrison Lowe report													
Monitoring Items													
BDC Quarterly / Half Yearly Financials	CFO	Finance Manager	✓				✓						✓
BDC Monthly Financial Performance Report	CFO	Financial Accountant		Report to be issued pre meeting			✓				✓		✓
BDC Investments and Borrowings	CFO	Finance Manager	✓	✓	✓	✓	✓		✓		✓		✓
BDC Debt Management - Sundry and Rates	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 2024 Calendar Year													
Annual Plan					Adopt draft & Consultation	Consultation & Hearings	Adoption						
Long Term Plan							Adoption		Preparation of draft	Preparation of draft	Preparation of draft	Preparation of draft	Preparation of draft
BDC Annual Report							Interim Audit	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Adoption Annual Report - Audit opinion issued	Publish Annual Report & Summary Document	
Rating Policy Review													
Rating Policy Review			Preparation and review - 3 waters rates	Preparation and review - 3 waters rates	Consultation part of Enhanced Annual Plan	Hearings part of Enhanced Annual Plan	Adoption part of Enhanced Annual Plan			Preparation and review - general rates	Preparation and review - general rates	Preparation and review - general rates	Preparation and review - general rates

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 6

Prepared by Douglas Marshall
Chief Financial Officer

Attachment 1. BDC Procurement Policy

REVIEW OF BDC PROCUREMENT POLICY

1. REPORT PURPOSE

A review of the council procurement policy is well overdue.

2. REPORT SUMMARY

The council adopted a procurement policy in 2019. The policy document is consistent with others in the public sector.

The procurement policy has served the council well since adopted, but good practice requires all policies to be reviewed and amended where improvements can be made.

3. DRAFT RECOMMENDATION

That the Risk and Audit Committee receives the report on the review of the BDC procurement policy

4. ISSUES AND DISCUSSION

Currently, finance staff are not proposing any wording changes to the procurement policy. The policy is standard in format and content with other public bodies and changing wording should only be done if the change will of course add value.

A few possible changes/improvements are noted below to assist with how the policy is implemented in the future.

Councillors will also have their own views. Staff discussions will be occurring over the coming weeks with the objective of bringing any councillor/staff changes to the next RAC meeting for consideration.

5 ISSUES AND DISCUSSION

Procurement from WestReef

Council procures from WestReef on a competitive tender basis, NZTA funded contracts, and on a sole procurement process. The 3 waters contract in December 2022.

Some councils have a process by which all contracts with their CCO are sole procured while other council's see their procurement arrangements with their CCO as an extension of their council activities.

Under the council's current policy, rule 12 allows council to exempt a contract from being advertised if the value of the contract is less than \$100,000, can thus be directly sourced from a single known supplier. This rule can currently be used regarding council and WestReef procurement and council staff should be encouraged to use this rule.

The logic for sole procurement with a known supplier who has provided the same or similar service previously can:

- Shorten the procurement timeline,
- reduce the cost of the procurement process by reusing previous documentation by varying the original contract, and
- allow the supplier where a contract is extended to share the benefits of their knowledge in delivering the additional contract to provide financial benefits to both parties be that via economies of scale or improved service methodology by the contractor.

All other rules of procurement apply.

An option that the council may wish to consider is to lift the \$ value of procurement with WestReef from \$100,000 to \$250,000 without requiring an advertising process for the initial procurement to be required. This gives the above benefits.

Procurement of Consultants

Consultants providing service to a principal, such as the council, can be defined in many ways.

A common definition is:

“An expert or specialist who provides advice or services in an area of specialization.”

Consultants when used appropriately can:

- allow the principal to engage expertise or additional resource at a peak time without the normal costs of employment such as sick, annual, and statutory leave.
- bring in specialist expertise that may only be required from time to time.

Consultants are often seen as “expensive” compared to employing staff which is a reasonable statement but how their cost is established for work they are to do is the key to cost control when using a consultant.

A guidance statement in the revised procurement plan would be helpful with some of the matters to be considering in preparing that guidance as follows:

- determine if a range of expected hourly rates can be agreed to guide staff procuring if the annual rate from their preferred consultant is appropriate,
- acquire consultants on a fixed daily rate or a maximum hours per day to provide a control of consultant cost,
- agree on an hourly rate that includes other costs known as disbursements such as mileage or accommodation,
- or if not included, agreed on what is an appropriate \$ value for disbursements.

Including a statement along these lines will help with the future procurement on consultants. It should be noted that the council either uses industry standard SFA’s (Short form agreements) or similar documents to capture the key objectives of what work the consultant is to undertake and this includes the details around how fees are to be structured, charged, and ultimately paid.

Budget/value breakdown

Rule 7 of the policy provides guidance on estimating value, but more could be provided about what type of documentation is expected to be held on the procurement file. This information can also be extended to be used for the preparation of LTP’s and Annual Plans. An example of how this rule could be better supported is as follows:

(the actual \$ that would apply to this policy will be developed in the coming weeks – the yellow highlight is to draw attention to the fact that \$ values yet to be determined)

- For budgets under \$ value level to be set, estimates from staff/consultants/experts recorded in a file note/email will be acceptable but there must be some form of evidence/commentary of how you established the budget,
- For budgets in the range of \$ value level to be set to, you need detailed supporting documentation from experts/consultants plus a breakdown of how the budget has been established,

- iii. For budgets greater than \$ value level to be set, you need detailed supporting documentation from experts/consultants with a breakdown of how the budget has been established. You also need to provide the same level of information for two alternate options (where practical) as to how the project could alternately be undertaken,
- iv. For some budgets we will also expect to see cost-benefit analysis undertaken. Such an analysis will be identified on a case-by-case basis.
- v. For each operating cost/project/capital project, you need to identify what income might be generated (even if the answer is \$0) and any other resulting budgeted expenses. E.g. for a capital project, there may be annual operating costs that need to be budgeted for

Next steps

The above are some examples of improvements to the current policy.

Staff will be engaged over the coming weeks and feedback from the committee and others would be appreciated.

A future initiative will be to hold regular workshops for staff on what is expected from them when procuring services and goods on behalf of the council.

6. OPTIONS

Not Applicable.

7. CONSIDERATIONS

7.1 Strategic Alignment

A procurement policy that establishes standards of good practice helps with the effectiveness of a council's procurement and ensures that public funds are being appropriately used to secure goods and services for the community.

7.2 Significance Assessment

The review of this policy does not require a significant decision to be made by the council but a good well thought out policy will help and aid the council in making appropriate procurement decisions.

7.3 Tangata Whenua Considerations

No specific considerations have been identified.

7.4 Management Implications

The policy adopted by the council from this revision gives council management and staff the "rules" by which the "council" itself expects its management and staff to operate.

7.5 Policy Framework Implications

The procurement policy should be seen as one of the key policies of the council which sets the rules of how public/community fundings will be used.

7.6 Legal Implications

It is not intended to undertake a legal review of this policy as it is based on what would be seen as good practice principles that follow the appropriate procurement practices.

7.7 Financial / Budget Implications

There are no unbudgeted costs or financial implications.

7.8 Consultation Considerations

Nil consultation considerations identified.



BULLER
DISTRICT COUNCIL
Te Kaunihera O Kawatiri

Procurement Policy

Buller District Council's rules for:

- planning procurement;
- approaching the market; and
- contracting.

Buller District Council - <i>internal policy</i>	
<i>Reviewed by:</i> Finance and Audit Committee	<i>Date:</i> 17 April 2019
<i>Next review:</i> April 2020	

Table of Contents

Introduction	1		
Context.....	2		
Chapter 1 - Getting Started	3	Chapter 4 - Awarding the contract	33
Whats so special about Buller District Council procurement?	4	Awarding the contract.....	34
Why have rules?	5	Cancelling the contract.....	35
How do the rules fit with other guidance?	6	How are suppliers informed of procurement outcomes?.....	36
The five principles of Buller District Council procurement	7	Chapter 5 - Types of supply lists	37
What values underpin the rules?	8	Supplier lists.....	38
Dealing with commercially sensitive information...	10	What is a registered suppliers list?	39
When do the rules apply?.....	11	What is a pre-qualified suppliers list?	40
How to estimate the value of a procurement?	12	Panel of suppliers and the method of allocation of contracts.....	42
Non-avoidance	13	Chapter 6 - Other rules you need to know	45
Does Council have to openly advertise?.....	15	There are other requirements that Council should consider:	46
When does Council not need to advertise?.....	16		
What happens when there is an exemption from open advertising?.....	17		
Chapter 2 - Planning your procurement	19		
Preparing to approach the market	20		
How much time should suppliers be given to respond.....	22		
What is a business day?.....	23		
Chapter 3 - Approaching the market	25		
How to openly advertise?.....	26		
What should be included in a notice of procurement?	27		
Evaluation Criteria.....	28		
What does 'other tender documents' mean?.....	29		
Managing the procurement process.....	30		
What if more information needs to be given to suppliers or the requirements change	31		
Evaluating responses	32		

Introduction

The Buller District Council (BDC) Procurement Policy was developed from the Ministry of Business Innovation and Employment – Government Rules of Sourcing and the Office of the Auditor General's Procurement Guidelines for Public Entities.

BDC rules for planning procurement, approaching the market and contracting, represent the Council's standards of good practice for the procurement of goods and services.

Council spends millions of dollars every year buying a wide range of things, from lawn mowing services to public convenience upgrades, stationery and IT services to roading maintenance works. Public services are widely delivered by private businesses as suppliers, so choosing and managing these relationships well is critical to achieving the best results.

Council needs to attract creative, clever and commercial suppliers to help deliver innovative and effective solutions to get the best value for the ratepayers of the Buller District - which isn't always the cheapest price. To be an attractive customer, it is essential that Council fosters productive relationships with suppliers.

The BDC rules for planning procurement, approaching the market and contracting, provide the foundation of best practice procurement and will demonstrate that Council is open, transparent and accountable. The rules help to design processes that are robust, and build confidence in Council procurement practices. This will build greater public trust and confidence that Council spending is well-planned and well-executed.

Smart public procurement will deliver better public services and provide value for money to the ratepayers of the Buller District.

Context

What are the Rules?

Buller District Council (BDC) Procurement Policy 2019 replaces the BDC Procurement Policy 20/05/2010.

Focus on procurement

The term 'procurement' covers all aspects of acquiring and delivering goods, services and works (eg renewal and new construction). It starts with identifying the need and finishes with either the end of a service contract or the end of the useful life and disposal of the asset. These Rules focus mainly on the process of procurement which covers planning the procurement, market research, approaching the market, evaluating responses, negotiating and awarding the contract.

Changes

The purpose of the rules is to:

- Provide a plain English format that is easy for BDC and suppliers to use
- Modernise the BDC's approach to procurement to align with good national practice and provide better value for the ratepayers of the Buller District
- Ensure BDC uses more strategic approaches and commercial expertise when procuring
- Encourage BDC to engage early with the market to stimulate competition and innovation, and work with suppliers to develop better solutions

Application to Council

BDC is required to apply the Rules and will be audited for its compliance with them. Suppliers have a right to complain if they think Council has not complied with them. The Rules are a compulsory requirement for Council when procuring goods or services unless varied by formal Council resolution.

How to use the Rules

The Rules contain headers and boxes with more information, definitions, links to guides tools and templates and examples. Information in these boxes does not form part of the Rules. It is there to assist with interpretation and to give greater context for the reader.

Icons

The following icons are used to show supplementary information:



Example



Definition



More information



Guides, tools and templates

Chapter 1

Getting Started

What's so special about Council procurement?

Delivering good public services to the Buller District starts with good procurement.

How well money is spent has a direct impact on the quality of services ratepayers' experience. It also reflects the district council's efficiency and effectiveness. It can provide opportunities to increase competition and productivity that lead to innovation and contribute to greater economic growth.

Why have rules?

To strengthen accountability

Local authorities must account for how they spend ratepayers' money. The rules, along with the Office of the Auditor-General's (OAG's) Procurement Guidelines for Public Entities, provide a framework that promotes responsible spending when purchasing goods, services, and works. This framework supports proactively managing procurement process and delivery risks.

The rules also establish processes that are consistent and predictable, making it easier for the Council and suppliers to engage with each other. The Council must also be aware of, and comply with the common law of contract, public law and, where appropriate, commercial law obligations.



Examples of commercial law legislation:

- Contract and Commercial Law Act 2017
- Commerce Act 1986
- Fair Trading Act 1986
- Minors' Contracts Act 1969
- Construction Contracts Act 2002
- Sale of Goods (United Nations Convention) Act 1994

Examples of public law legislation:

- Public Finance Act 1989
- Public Audit Act 2001
- Public Records Act 2005
- Official Information Act 1982
- State Sector Act 1988
- Ombudsmen Act 1975
- Public Bodies Contracts Act 1959

Why have rules?

To promote our values: We Care, Future Focused, Integrity, Community Driven, One Team. Buller District Council is committed to open, transparent and competitive procurement that:

- delivers best value for money (which isn't necessarily the cheapest price)
- does not discriminate against suppliers (whether local, national or international),
- meets agreed OAG standards.

The Rules reflect these values and standards.

To encourage commercial practice

Early market engagement and continued open dialogue with suppliers are essential to the results that can be achieved. There are sound commercial reasons why building stronger relationships with business is important. The Rules aim to encourage better commercial practice by promoting these types of behaviours and achieving greater value for money.



Definition - Value for money

Value for money isn't always the cheapest price. Value for money means using resources effectively, economically, and without waste, and taking into account:

- the total costs and benefits of a procurement (total cost of ownership), and
- its contribution to the results you are trying to achieve.

The principle of value for money is about getting the best possible outcome over the whole-of-life of the goods, services or works.

Selecting the most appropriate procurement process that is proportionate to the value, risk and complexity of the procurement will help achieve value for money.

Good procurement is about being risk aware, not necessarily risk averse.



Value for money over the whole-of-life

Council publishes a Request for Tender to supply steel mesh fencing. It does not specify any quality standards and accepts the lowest price bid.

The fencing is installed. Within 1 year it begins to rust, within 3 years it is beginning to fail, and by 6 years it needs to be replaced.

Had Council specified quality standards, it could have assessed bids based on best value for money over the whole of the life of the product. There was another supplier whose price was slightly higher, but whose fencing carried a 15-year warranty. Despite the higher initial cost, this supplier's product would have represented the best value for money over the whole-of-life.

To ensure maximum value for money expenditure

As a medium sized, rural local authority, BDC needs to ensure the best spend of every ratepayer dollar it is entrusted with. Following the Rules are essential:

- to provide open and fair competition that supports innovation and helps create a competitive, productive market place in the Buller District.
- for Council to be valued as a desirable principle / client organisation – that demonstrates professional practice and has a reputation for integrity.



It is important that the longer-term impacts of procurement decisions are considered and not just the immediate results (eg will the decision substantially reduce competition or create a monopoly in the future market place?).

How do the rules fit with other guidance?

The Rules are only one part of what makes up good procurement practice. The framework that supports good practice consists of the Procurement Policy, the Rules contained therein and good practice Guidance.

What's good procurement?

Public value

Councils that maximise their return on spending will achieve the best possible results for ratepayers. Good procurement means better public value.

Policy framework

Council procurement is based on Policy, Rules and good practice Guidance. Collectively, these provide a broad framework that supports accountability for spending, sound business practice and better results.

Good practice isn't just mechanically applying the rules. It's about developing a strong understanding of all of the aspects of the procurement lifecycle and skilfully applying these to deliver the best results. While compliance with the rules is still necessary, the process should be designed proportionate to the value, risk and complexity of the procurement. It's about applying sound commercial judgement to achieve the best value for money, which isn't always the cheapest price, and drive innovation and performance.

Understanding suppliers and the market is part of the careful planning essential to developing the right approach to market. All procurement covered by the rules should be for programmes of work and projects budgeted for in a Long Term Plan (LTP) or Annual Plan (AP). Unspecified or unbudgeted projects must be supported by a robust business case and

procurement plan that's level of detail reflects the size, value and complexity of the procurement.

Procurement also covers proactively managing supplier and other key stakeholder relationships throughout the sourcing process and for the duration of the contract. This embraces continuing to develop the supplier and driving value for money through on-going efficiency gains.

Staff must also take into account the Council Sensitive Expenditure Policy and act within the framework of the Delegations Policy at all times.

The council Fraud Policy sets a clear framework for staff to operate within to ensure the integrity of staff and the council when working within procurement activities.

Principles

The principles of the OAG procurement guidelines apply to all local authorities and provide the overarching values. The Principles apply even if the rules do not. Council can use the principles for guidance and to help make good procurement decisions.



Examples of **guidance** on government procurement practice include:

- Office of the Auditor-General's Procurement Guidance for Public Entities www.oag.govt.nz

The five principles of Buller District Council procurement

The Council's five Principles are the foundations for good procurement. The Principles must be reflected in everyday practice. Everyone engaged in procurement must understand and know how to apply the Principles.

Principle 1: Plan and manage for great results

- Identify what is needed and then plan how to get it.
- Set up a team with the right mix of skills and experience.
- Involve suppliers early - let them know what Council wants and keep talking.
- Take the time to understand the market and Councils' effect on it. Be open to new ideas and solutions. Choose the right process - proportional to the size, complexity and any risks involved.
- Encourage e-business (for example, tenders sent by email).

Principle 2: Be fair to all suppliers

- Create competition and encourage capable suppliers to respond.
- Treat all suppliers equally - don't discriminate.
- Make it easy for all suppliers (small to large) to do business with Council. Be open to subcontracting opportunities in big projects.
- Clearly explain how Council will assess suppliers' proposals - so they know what to focus on. Talk to unsuccessful suppliers so they can learn and know how to improve next time.

Principle 3: Get the right supplier

- Be clear about what Council needs and how suppliers are assessed - don't string suppliers along. Choose the right supplier who can deliver what is needed, at a fair price and on time.
- Build demanding, but fair and productive relationships with suppliers.
- Make it worthwhile for suppliers - encourage and reward them to deliver great results. Identify relevant risks and get the right person to manage them.

Principle 4: Get the best deal for everyone

- Get best value for money - account for all costs and benefits over the lifetime of the goods or services.
- Make balanced decisions - consider the social, environmental and economic effects of the deal. Encourage and be receptive to new ideas and ways of doing things - do not be too prescriptive. Take calculated risks and reward new ideas.
- Have clear performance measures - monitor and manage to make sure Council delivers great results. Work together with suppliers to make on-going savings and improvements.
- It is more than just agreeing the deal - be accountable for the results.

Principle 5: Play by the rules

- Be accountable, transparent and reasonable.
- Make sure everyone involved in the process acts responsibly, lawfully and with integrity. Stay impartial - identify and manage conflicts of interest.
- Protect suppliers' commercially sensitive information and intellectual property.

What values underpin the rules?

The Council's five Principles are the foundations for good procurement. The Principles must be reflected in everyday practice. Everyone engaged in procurement must understand and know how to apply the Principles.

Rule 1

Principles

1. Council must have policies in place that incorporate the five Principles of local authority procurement. The Principles apply to all procurement.
2. Council must make sure that:
 - a. all staff engaged in procurement have been trained in the five Principles of procurement
 - b. its procurement practices reflect the five Principles
 - c. it is able to show how it has used sound research to plan an appropriate approach to market strategy that is proportionate to the nature, risk, value and complexity of each procurement.



Procurement planning

Good procurement starts with good planning. Knowing what Council needs to buy and understanding the market makes Council a "smart buyer".

Before choosing a procurement process, think about the nature of the goods, services or works needed, and assess the best way to approach the market. Ensure that:

- all suppliers get fair notice of the contract opportunity
- the process encourages competition
- suppliers have enough time to respond.

Decisions should be based on a clear understanding of Council's needs and an appropriate level of market research. It's important that the process chosen reflects the value and complexity of the procurement. Don't overcomplicate a straightforward tender simply because the Rules apply.

What values underpin the rules?

There is no discrimination and no favouritism in Council's procurement. This means treating all suppliers equally.

Rule 2

Integrity

1. Council must have in place policies that safeguard the integrity of its procurement activities and processes. The policies must require that:
 - a. Council and all staff involved in procurement can justify their procurement decisions
 - b. those involved in procurement decisions stay impartial
 - c. procurement processes are fair, transparent and reasonable
 - d. all staff involved in procurement act responsibly, lawfully and with integrity.
 - e. The council Purchase Order Policy must be followed when ordering work from a successful contractor following a procurement process.
2. Council must have policies in place that help all staff involved in procurement to identify, notify and manage conflicts of interest. Council must be able to show how it uses sound judgement to manage conflicts of interest.

Rule 3

Non-discrimination

1. All suppliers must be given an equal opportunity to bid for contracts. Council must treat suppliers from anywhere in the country no less favourably than local suppliers.
2. Procurement decisions must be based on the best value for money, which isn't always the cheapest price, over the whole-of-life of the goods, services or works.
3. Because of the geographical remoteness and cost of transport to the Buller District, Council must take into account the initial price difference and ongoing maintenance price differences associated with local suppliers when deciding what is the best value for money.
4. Suppliers must not be discriminated against because of:
 - a. the region the goods, services or works come from
 - b. their degree of foreign ownership or foreign business affiliations.

Dealing with commercially sensitive information

Council often has access to sensitive information about a supplier's business. This could be new ideas or pricing structures. This information must be protected.

Rule 4

Protection of suppliers' information

1. Council must protect suppliers' confidential or commercially sensitive information. This includes information that could compromise fair competition between suppliers.
2. Council must not disclose confidential or commercially sensitive information unless:
 - a. the supplier has already agreed to it in writing, or
 - b. the disclosure is required by law (eg. under the Local Government Official Information and Meetings Act 1987), convention or Parliamentary or Cabinet Office practice, or
 - c. it is a limited disclosure expressly notified in a Notice of Procurement which suppliers have consented to by participating in the process.



Commercially sensitive information is information that, if disclosed, could prejudice a supplier's commercial interests. It includes:

- the design and content of a tender
- trade secrets and 'know how'
- new ideas
- innovative solutions
- intellectual property
- copyright
- pricing structures
- profit margins
- market strategies.

Council must understand what commercially sensitive information is and how to handle that information.

Examples of prohibited disclosure of information include:

- disclosing commercially sensitive information to a supplier's competitor
- using or adopting an idea or solution without the supplier's agreement.

It is good practice to include instructions to suppliers to mark their responses, or the relevant parts of their responses, 'commercial in confidence'.

If, as part of the evaluation process, there is a need to share responses with other Councils or advisors, seek permission for such disclosure by making this a condition of participation in the Notice of Procurement.

When do the rules apply?

The Rules apply for all Council procurement.

Rule 5

When the Rules apply - goods or services

1. The Rules apply:
 - a. to the procurement of all goods or services or renewal works, or a combination of goods or services or renewal works.
2. To estimate the maximum total estimated value (Rule 8) for goods or services or renewal works Council must take into account:
 - a. all related services (eg installation, training, servicing, management consultancy services)
 - b. all types of goods (eg operating consumables)
 - c. all subcontracted goods or services or works.
3. This Rule does not apply to goods, services or renewal works that are purchased for commercial resale



In the context of the Rules, renewal works relate to the refurbishment of an existing building, road, bridge or dam. It covers renovating, repairing or extending.

It does not include replacing an existing construction as this is deemed to be new construction works.



An example of goods purchased for commercial resale could be items that the NBS Theatre purchases for resale in its shop.



Disposals at the end of the useful life of a contract are not commercial goods, services or works purchased for resale. Disposals are not subject to these Rules.

Rule 6

When the Rules apply - new construction works

The Rules apply to the procurement of all goods or services or works for new construction works. To estimate the maximum total estimated value (Rule 8) for new construction works Council must take into account:

- a. all related services (eg design, architecture, engineering, quantity surveying, and management consultancy services)
- b. all types of goods (eg construction material, health and safety equipment)
- c. all phases of the construction through to completion
- d. all subcontracted goods, services and works.



No 'salami slicing'

When dealing with new construction works, individual contracts for goods, services or works are deemed to be part of the whole and should be openly advertised unless there is good reason to separate parts of the contract/project. Where this occurs, the reasoning must be documented in advance of any procurement with segregation of components approved by the Chief Executive or relevant Group Manager.

How to estimate the value of a procurement?

The rules apply if the value of a procurement meets or exceeds a certain value threshold. There are several things you need to know when you estimate the value of your procurement.

Rule 7

Estimating value

1. Council must estimate the total value of a procurement to determine whether it meets or exceeds the relevant value threshold. Council must act in good faith and use good judgement to estimate the value of a procurement. Council must include the estimated value in its business case or procurement plan. This estimate is referred to as the maximum total estimated value.
2. Council must consider the total value over the whole-of life of the contract/s when estimating the procurement's maximum total estimated value. The estimate must include the value of all of the contracts that may result from the procurement.
3. The value is the total amount excluding GST.
4. Council cannot estimate the maximum total estimated value of a procurement without applying the Rules
5. When Council calculates the maximum total estimated value of a procurement, it must include everything required for the full delivery of the goods, services or works. This includes the value of:
 - a. options to purchase additional goods, services or works
 - b. options to extend the term of the contract
 - c. paying any premiums, fees or commissions to the supplier or a broker
 - d. any revenue streams a supplier receives e. any other form of remuneration or payment due to the supplier or to a third party or any interest payable.



Estimating value

Even if the value of a procurement is less than the value threshold, Council is still expected to follow good procurement practice. This means applying the Principles and having regard to other good practice Guidance.

It is better to be cautious. If the estimated value is getting close to the value threshold (eg services valued at \$98,000), always consider using the next stage process i.e. three prices. After all, the calculation is only an estimate.



An example of revenue streams: a supplier receives tolls from a road built under a Public Private Partnership (PPP).

Non-avoidance

Council must not intentionally avoid applying the Rules.

Rule 8

Non-avoidance

1. Council must not intentionally avoid applying the Rules when planning for, valuing or undertaking a procurement.
2. When calculating a procurement's maximum total estimated value (Rule 8), Council must not intentionally avoid applying the Rules by either:
 - a. deliberately dividing a procurement into separate parts without good reason
 - b. using a non-standard or alternative valuation method to lower the estimated value.

Rule 9

Types of contract

1. The Rules apply to all contract types, including:
 - a. when purchasing outright
 - b. purchasing through hire-purchase
 - c. when renting or leasing
 - d. where there is an option to buy
 - e. 'build-operate-own' type contracts (eg Public Private Partnerships (PPP))
 - f. contracts accessed through a third- party commercial supplier or broker.



Third-party commercial supplier or broker

Council cannot avoid applying the Rules by purchasing through a third-party commercial supplier (eg GSB Supplycorp Ltd).

Number of contracts

Council cannot split a procurement into smaller contracts to avoid applying the Rules. However, it may indicate in its Notice of Procurement the possibility, or its intention, that the procurement maybe let in separate lots. For example, having undertaken the evaluation of responses, it could consider 'chunking' the work into separate parts and awarding these to more than one supplier.

Rule 10

Opt-out of procurements

1. The following is the list of valid reasons to opt-out procurement rules:
 - a. Non-contractual arrangement: Any non-contractual arrangement (eg a Memorandum of Understanding between local authorities or with a government department) or any form of assistance including cooperative agreements.
 - b. Council to Council negotiated agreement: Any agreement negotiated directly with another local authority for the provision of goods or services. Where the agreement includes any component of externally sourced goods or services as part of the offering, Council must satisfy itself that the procurement policy, rules and principles of the partnering local authority are broadly in line with that of its own.
 - c. Technical / functional specialist: Where a supplier is deemed to provide a unique or specialist service that is specific to the needs of Council. This may include a service that is not available from any other supplier or a preferred service from a specific supplier based on Council's requirements e.g. a consultant to assist in a resource consent application process.
 - d. Proprietary technology: Where a supplier is the sole supplier and/or patent holder of a specific product that is required by Council. Council must be satisfied that the proprietary technology is the most appropriate for the needs of Council.
 - e. Land and buildings: Purchasing or renting land or existing buildings or other immovable property.
 - f. Conditional grant: Any form of conditional grant.
However, Council must not design or structure a procurement as a form of conditional grant to avoid applying the Rules.
 - g. Internal business unit: Any form of internal business unit offering goods or services to another business unit. Notwithstanding this, each business unit must follow the rules for the procurement of externally sourced goods or services if it forms part of an internal offering ie consultancy services.

Does Council have to openly advertise?

The default position for Council procurement is to openly advertise all contract opportunities exceeding \$500,000 in value. This gives all suppliers a fair chance to bid for the contract. It also encourages competition, which leads to better value for money and stimulates innovative new ideas and solutions.

Rule 11

Requirement to openly advertise

1. Wherever possible Council should use open competitive procurement processes to give all suppliers the opportunity to compete.
2. Council must openly advertise on the Tenderlink or GETS service:
 - a. if the maximum total estimated value of the procurement meets or exceeds \$500,000 and
 - b. there is no exemption from open advertising (Rule 12).
3. Council may advertise using other media, as well as Tenderlink or GETS.



Open competitive process

Good procurement is about good process and good results.

Open competitive processes that comply with the Rules include:

- a. one-step processes such as Requests for Quote or Requests for Tender
- b. multi-step processes such as a Registration of Interest followed by a shortlisting and then a Request for Proposal or Request for Tender.

Tenderlink is a nationally recognised tendering service that is available to all commercial suppliers. It supplies information about tender opportunities and ensures open, transparent and fair competition. Tenderlink is accessible to all interested suppliers, both domestic and international. Throughout this document references to Tenderlink or GETs means any such online procurement system of a similar nature.

When does Council not need to advertise?

There are some limited situations where the rules apply, but where Council does not need to openly advertise. These are called exemptions to open advertising. Where one of these exemptions arises, Council may choose not to openly advertise the contract opportunity, other requirements of the Rules.

Rule 12

Exemption from open advertising

1. Council can exempt a contract from open advertisement if the following processes apply:
 - a. Contracts with a value of \$100,000 to \$500,000 may be procured using a closed competitive process (with a minimum of three known suppliers)
 - b. Contracts with a value up to \$100,000 may be procured via a direct source process (with a single known supplier).
2. Council must not exempt a procurement from open advertising to:
 - a. avoid competition
 - b. protect local suppliers
 - c. discriminate against any local or national supplier.

Document the rationale

3. If Council exempts a procurement from open advertising, it must:
 - a. document the rationale for the decision. This rationale may form part of the business case or procurement plan or may be a stand-alone document.
4. The rationale document must include:
 - a. the name of the supplier
 - b. a description of the goods, services or works
 - c. the maximum total estimated value (Rule 8) of the goods, services or works
 - d. the specific exemption/s that applies and an account of the facts and circumstances which justify the exemption.
5. The Chief Executive or a General Manager must endorse the rationale before the procurement is undertaken.

Council must retain the documented rationale on the contract file for audit purposes.

Direct negotiation – subsequent stages of work

6. Council may negotiate a contract directly with a supplier provided that:
 - a. the supplier has won a Stage One contract via an openly advertised procurement or closed competitive process
 - b. the quoted price for the subsequent stage(s) of the project is reflective of the initial competitively tendered rates
 - c. the quality of the Stage One works was delivered at or above the required standard
 - d. the health and safety and environmental management of the Stage One works was delivered at or above the required standard.

Note: Council should declare its intention or willingness to negotiate a subsequent stage of works in the Notice of Procurement of the initial stage of the contract.



Closed competitive and direct source

Processes that comply with the Rules where there is a valid exemption from open advertising are:

- Closed competitive: a Request for Quote, Request for Tender or Request for Proposal restricted to a minimum of three known suppliers.
- Direct source: a closed Request for Proposal or Request for Tender restricted to a single known supplier.

If an exemption from open advertising applies, Council must still comply with all the other Rules. If Council uses a direct source process (with one known supplier) it does not necessarily mean that it can instantly contract that supplier. It should request a formal proposal from the supplier and evaluate the proposal, assess its value for money, which isn't always the cheapest price, and undertake due diligence before deciding to negotiate a contract. It must not simply approach one supplier and award a contract without proper evaluation of capacity, capability, risk, value for money and due diligence.

What happens when there is an exemption from open advertising?

Where one of the exemptions arises, Council may choose not to openly advertise the contract opportunity, but must still meet all of the other requirements of the Rules.

Exemption from open advertising

Valid exemptions

7. Valid exemptions from open advertising are:
 - a. Emergency: A genuine emergency such as a civil defence declared emergency. Urgent situations that are created by Council, such as lack of advance planning, do not constitute an emergency.
 - b. Following an open tender: Council may use a closed competitive process or direct source process to procure goods, services and works if:
 - i. it has openly advertised the contract opportunity in the last 12 months, and
 - ii. it has not substantially changed the core procurement requirements, and
 - iii. the first time the opportunity was advertised it:
 - a) did not receive any responses, or
 - b) did not receive any responses that conformed with or met the requirements (including quantity), or
 - c) received responses from suppliers who it has reasonable grounds to believe have colluded, and no other responses conformed with or met the requirements.



Guides, tools & templates

Read the Quick Guide to Emergency Procurement at: www.procurement.govt.nz

Read more about collusion and bid rigging in the Commerce Commission's Guidelines, How to recognise and deter bid rigging at: www.comcom.govt.nz

Collaboration is not necessarily unlawful. In certain types of procurement you may want suppliers to collaborate (eg to form a joint venture). This can be allowed for in the Notice of Procurement and include conditions that suppliers must be transparent about their collaboration (eg suppliers must state who they have collaborated with to prepare their response).

If there are reasonable grounds to believe that suppliers have colluded, the Commerce Commission may be alerted given its role of investigating this kind of conduct. For more information: www.comcom.govt.nz.

- c. Only one supplier: If the goods, services or works can only be supplied by one supplier and there is no reasonable alternative or substitute because:
 - i. for technical reasons there is no real competition, or
 - ii. the procurement relates to the acquisition of intellectual property or rights to intellectual property, (including patents or copyrights) or other exclusive rights, or
 - iii. the procurement is for a work of public art.



A technical reason could be:

- a need to match with existing equipment, software or services
- where Council has a bespoke IT system that was custom designed for it and only the supplier that designed it fully understands the code base
- where one supplier has, over a period of time, developed such an intimate knowledge of an outdated or complex system that the Council can reasonably claim that other suppliers would not have a similar level of readily available knowledge
- where a spare part or component is only available from one supplier.

A procurement relating to intellectual property rights could be:

- where Council is purchasing an online subscription to content or other services with unique characteristics
- where Council is purchasing software licences from a proprietary supplier for software that is embedded in its operating environment
- a unique piece of art that is protected by copyright and not available elsewhere.

- d. **Additional goods, services or works:** Goods, services or works additional to the original requirements that are necessary for complete delivery of a project. This Rule applies where all three of the following conditions are met:
- i. the original contract was openly advertised, and
 - ii. a change of supplier cannot be made for economic or technical reasons, and
 - iii. a change of supplier would cause significant inconvenience or substantial duplication of costs for Council.



Examples of **additional goods**, services or works include:

- in a construction contract, additional ground works that were only discovered on excavating the site
- supplying replacement parts
- additional consultancy services where an unexpected issue arises
- an enhancement or change to an integrated IT system.

e. **Exceptionally advantageous conditions:**

For purchases made in exceptionally advantageous conditions that only arise in the very short term and at the discretion of the Chief Executive. This exemption does not cover routine purchases from regular suppliers.



Exceptionally advantageous conditions include a sale by public auction or a sale resulting from liquidation, bankruptcy or receivership.

Chapter 2

Planning your procurement

Preparing to approach the market

An external supplier may be engaged to manage a procurement process, but there are some Rules that must be taken into account.

Rule 13

Third-party agents

1. Council may purchase the services of a third-party agent, (e.g. All of Government Procurement), to advise, arrange or manage a procurement or part of a procurement on its behalf.
2. If Council uses a third-party agent to manage a procurement, Council, through the agent, must still comply with the Rules.

Rule 14

Procurement advice

1. Council should not purchase procurement advice from a supplier that has a commercial interest in the contract opportunity. To do so would prejudice fair competition (eg a supplier is asked to write the contract requirements and then bids for the contract opportunity).

Rule 15

Subcontracting

1. Once a supplier has been awarded the contract, any subsequent subcontracting that the supplier does is not subject to the Rules.
2. However, Council may ask that a main contractor meets certain procurement standards in its subcontracting at the time of tender. The standards should be consistent with good procurement practice, as outlined in the Principles, the Rules and other procurement Guidelines.



Procurement advice

Rule 14 does not prevent Council from using early market engagement to clarify needs or identify possible solutions.

What Rules apply to technical specifications?

If detailed technical specifications are included in a procurement process, there are some restrictions on how these may be written.

Rule 16

Delivery date

1. When identifying or estimating the delivery date for the goods, services or works, Council should take into account any of the following factors that apply:
 - a. the complexity of the procurement
 - b. how much subcontracting there might be
 - c. a realistic time to produce, stock and transport goods from the point of supply to the delivery address
 - d. a realistic time to deliver services given their nature and scope.

Rule 17

Technical specifications

1. Council must not apply technical specifications or prescribe conformance requirements in a way that creates unnecessary obstacles for suppliers.
2. Where appropriate, technical specifications must be based on:
 - a. performance and functional requirements, not on design or a prescribed licensing model or a description of their characteristics
 - b. international standards where they exist, or the appropriate New Zealand or Australian standards, technical regulations or building codes.
3. When Council describes technical specifications, it must not (except under Rule 17.4):
 - a. require or refer to a particular trademark or trade name, patent, design or type
 - b. refer to the specific origin of the goods, services or works or the name of the producer or supplier.
4. The exception to Rule 17.3 is when it is the only way to make the requirements understood. In this case, Council must include words like 'or equivalent' in the specification and make it clear that it will consider equivalent goods, services or works that can be demonstrated to fulfil the requirement.

Rule 18

Pre-conditions

1. Council may include essential conditions about capacity or capability in its Notice of Procurement. These are called pre-conditions.
2. Suppliers must meet all of the pre-conditions to be considered for the contract opportunity.
3. Council must limit pre-conditions to the following critical areas:
 - a. legal capacity and financial capacity
 - b. commercial or operational capacity or capability to deliver
 - c. appropriate technical skills or expertise or relevant experience.
4. Council must not make it a pre-condition that a supplier has been previously awarded a contract by a named buyer or another New Zealand Local Authority.
5. To assess whether a supplier meets the pre-conditions, Council must:
 - a. evaluate responses against the pre-conditions that it published in its Notice of Procurement, and
 - b. take into account the supplier's business activities in New Zealand and overseas.



Pre-conditions

Pre-conditions allow Council to do a 'first cut' and eliminate suppliers who do not have the minimum capacity or capability to deliver the contract.

Pre-conditions are usually answered by 'yes' or 'no', or 'meets' or 'does not meet'.

Suppliers who meet all of the pre-conditions are then eligible to be assessed against the scored evaluation criteria.

How much time should suppliers be given to respond?

When going out to the market, it is essential to set a realistic time period for responses.

Unrealistic time periods introduce unnecessary risk. If insufficient time is allowed, it can impact on the quality of the results achieved, compromise the integrity of the process and affect Council's reputation as a credible buyer.

Rule 19

Sufficient time

1. Council must allow sufficient time for suppliers to respond to a Notice of Procurement. It must act in good faith and use sound judgement when calculating sufficient time.
2. The key factors to take into account when calculating sufficient time include:
 - a. the nature and complexity of the procurement
 - b. the type of information and level of detail suppliers need to provide in their responses
 - c. the nature of the goods, services or works
 - d. how simple or difficult it is to describe the deliverables
 - e. the level of risk
 - f. the extent of any anticipated subcontracting or the likelihood of any joint bids
 - g. how critical the procurement is to Council's success
 - h. the time it takes for domestic and foreign suppliers to submit tenders, particularly if Council asked suppliers to deliver hard copies.



Don't jeopardise the results that could be achieved with a rushed process. If insufficient time is allowed, it may limit the:

- number of suppliers that can respond and the quality of their responses
- level of competition and Council's ability to get the best value for money
- choice of solutions offered and Council's ability to purchase the right one.

Consider the suppliers' perspective and calculate how much time is sufficient time. How long will it take to:

- obtain, read and analyse all tender documents
- ask questions to clarify the requirements and get answers
- develop a meaningful response that includes accurate pricing information
- prepare, check and submit the response and deliver it on time, and...
- carry on with 'business as usual'!

To decide how much is sufficient time:

- Be realistic, set timelines that are fair to all suppliers and reflect the nature and complexity of the information you are seeking.
- Take weekends and national New Zealand statutory holidays into account.
- Avoid publishing contract opportunities right before Christmas or in early January. Most of New Zealand is on holiday for a good part of January.
- Make sure your sufficient time is not less than the minimum time period set out in Rule 31.
- Where there is the possibility of joint bids, consortiums or subcontracting, allow at least 27 business days. This gives suppliers time to consult and collaborate. It means, for example, small and medium sized businesses (SMEs) have the opportunity to put together a joint bid, where one SME may not have the full capability to deliver on its own.

What is a business day?

When the sufficient time is calculated, business days must be used not calendar days.

Rule 20

Business day

1. Council must calculate time periods in 'clear' business days.
2. A business day is a day when the Council is normally open.
3. Business days exclude Saturdays and Sundays, New Zealand (national) public holidays and all days between Boxing Day and the day after New Year's Day.
4. A 'clear' business day is a full day from 8am to 5pm. The day a Notice of Procurement is submitted for publication is not a clear business day. The time starts on the next business day at 8am.

Rule 21

Fair application of time

1. The time period Council sets for submitting responses must apply to all interested suppliers.
2. Other than in exceptional circumstances, no supplier can be given more or less time than any other supplier.
3. Council may reserve the right to accept a late response in exceptional circumstances if there is no material prejudice to any other interested supplier. Best practice guideline to be added Council must not accept a late response if:
 - a. there is any risk of collusion on the part of the supplier
 - b. the supplier may have knowledge of the content of any other response
 - c. it would be unfair to any other supplier to accept the late response because the late supplier is given additional time to prepare its response.



New Zealand national public holidays

New Zealand national public holidays are:

- New Year's Day and the day after New Year's Day (1 and 2 January)
- Waitangi Day (6 February)
- Good Friday, Easter Monday (dates vary)
- ANZAC Day (25 April)
- Queen's Birthday (the first Monday in June)
- Labour Day (the fourth Monday in October)
- Christmas Day and Boxing Day (25 and 26 December).



'Clear' business day

- A Notice of Procurement is published on Tenderlink at 11am on Friday, 1 July. The time period for submissions begins at 9am on Monday, 4 July.
- Suppliers have 20 clear business days to respond. This means the deadline for submissions is 5pm on Friday, 29 July.
- If Council wants the responses at noon and not the end of a business day, the deadline will be noon Monday, 1 August.



Competitive Dialogue is a technical term for a type of open procurement process often used where there is no known solution in the market place. It involves a structured dialogue phase with each shortlisted supplier who invents a possible solution to meet Council's needs. It is not the same as market engagement which is a generic term for any time you talk to suppliers.

Key features of Competitive Dialogue include:

- openly advertising an Invitation to Participate which states that it is a Competitive Dialogue process
- shortlisted suppliers are often paid for their participation in the dialogue phase
- Council writes its specification of requirements during or at the end of the dialogue phase
- Council then issues a Request for Tender or Request for Proposal to all shortlisted suppliers.

See the Guide to Competitive Dialogue at: www.procurement.govt.nz

Chapter 3

Approaching the market

How to openly advertise?

When Council is ready to approach the market, it must list the contract opportunity on Tenderlink or GETS.

Rule 22

Open advertising

1. Under Rule 11 an Council must openly advertise a contract opportunity unless an exemption under Rule 12 applies.
2. To openly advertise, Council must list the contract opportunity on Tenderlink or GETS.

Rule 23

Tenderlink or GETS listing online

1. The listing must attach the Notice of Procurement and contain the following information:
 - a. the Council's name
 - b. the name of the contract opportunity
 - c. the type of procurement process (eg Request for Tender)
 - d. the deadline for responses from suppliers e. the address for enquiries and the name of the contact person

Rule 24

Notice of Procurement

1. The Notice of Procurement must:
 - a. be published on Tenderlink or GETS
 - b. be available on Tenderlink or GETS until the deadline for supplier responses.



Examples of a Notice of Procurement include:

- Request for Quote
- Registration of Interest
- Request for Tender
- Request for Proposal
- Invitation to Participate in a Competitive Dialogue process
- Invitation to Qualify for a Pre-qualified Supplier List.

A response from a supplier is a supplier's reply to a Notice of Procurement.

Examples include:

- Registrations of Interest
- Quotes
- Tenders
- Proposals
- Applications to Participate in a Competitive Dialogue process
- Applications to Qualify for a Pre-qualified Supplier List.

What should be included in a notice of procurement?

Everything that suppliers need to know about the contract opportunity in order to prepare meaningful responses must be included.

Rule 25

Content of Notice of Procurement

1. Each Notice of Procurement must contain all of the information that suppliers need to prepare and submit meaningful responses.
2. Each Notice of Procurement must clearly identify which procurement process is being used (eg Request for Quote or Registration of Interest followed by a Request for Tender).
3. Subject to Rule 35.4, each Notice of Procurement must contain the following information:
 - a. the Council's name and address
 - b. the name and contact details for the Council's contact person
 - c. a description of the goods, services or works and any technical specifications, plans, drawings or instructions, or a description of the outcomes the supplier is expected to deliver
 - d. the quantity (if known) or estimated quantity of the goods, services or works
 - e. the estimated timeframe for delivering the goods, services or works, or the estimated length of the contract and any options relating to the length of the contract (eg 3 + 2 + 1)
 - f. any service levels, response times or other performance measures suppliers will need to meet
 - g. any conditions for participating in the procurement process including any pre-conditions (Rule 25) or certificates or standards the supplier must meet
 - h. any limitations on the number of suppliers that may be shortlisted
 - i. all evaluation criteria Council will use to assess responses
 - j. unless the price is the only criterion, an indication of the relative importance of each evaluation criterion
 - k. the deadline and address for submitting responses
 - l. any restrictions or instructions on how suppliers are to submit responses (eg faxes will not be accepted) or details of how responses are to be submitted through an e-procurement system
 - m. any other terms or conditions relating to the procurement or the procurement process
 - n. if the procurement will be conducted electronically (eg using e-tender software), all the information suppliers will need to participate electronically



It is good practice to include additional information in the Notice of Procurement, such as:

- details of how additional information will be communicated or changes to the process
- the contract terms and conditions that will apply
- the indicative timeframe for the procurement process, eg the:
 - deadline for suppliers' questions
 - date/s for shortlisted supplier presentations
 - date when suppliers will be notified if they have been successful or not
 - date/s debriefs will be held
 - anticipated contract start date.

Rule 35.4 recognises that sometimes in multi-step procurements detailed information can be made available only after shortlisting suppliers.

Evaluation Criteria

Types of scored evaluation criteria include but not limited to:

- Lowest price confirming
- Weighted attributes
- Price quality method



Evaluation criteria

The form of the evaluation criteria (Rule 35.3.i.) that you include in the Notice of Procurement will depend on the type of process, eg:

- for a one-step Request for Tender, you would usually list the criteria you will use to award the contract
- for a multi-step process, you would usually list in the Registration of Interest the criteria you will use to shortlist suppliers. In the subsequent Request for Tender or Request for Proposal you would list the criteria that you will use to award the contract.

Relative importance

When listing the evaluation criteria (either in the Notice of Procurement or subsequent RFP or RFT), you must, unless price is the only criterion, indicate the relative importance of each criterion (Rule 35.3.j.). You can achieve this by ranking the criteria in priority order or adding individual weightings to each criterion.

What does 'other tender documents' mean?

Other tender documents are normally attachments to the Notice of Procurement. They are usually standalone documents that provide additional information for suppliers.

Rule 26

Other tender documents

1. Other tender documents are documents that are relevant and essential to the procurement.
2. These documents may be included in the Notice of Procurement as annexes. If they are standalone documents, they may also be referred to in the Notice of Procurement.
3. Council should make other tender documents available to suppliers at the same time the Tenderlink or GETS listing and the Notice of Procurement are published. Where possible, they should be uploaded as attachments to the Tenderlink or GETS listing.
4. If other tender documents can't be made available on Tenderlink or GETS, Council must state in the Tenderlink or GETS listing how suppliers can obtain a copy (eg by requesting a hard copy or by referencing an e-procurement system where the document is freely available). Council must promptly provide a copy, to any supplier who requests one, or provide instructions on how to obtain one from an e-procurement system.



Examples of other tender documents include:

- architectural drawings
- engineering plans
- detailed technical specifications
- reports
- extensive specifications in an electronic file that is too large to upload to Tenderlink or GETS.

Managing the procurement process

The following rules help Council manage the procurement process fairly.

Rule 27

Responding to queries

1. Suppliers may ask questions about any Notice of Procurement.
2. Council must promptly reply to all questions and reasonable requests for information from suppliers. If Council is unable to promptly reply to a question, it should consider extending the deadline for responses.
3. When Council responds to a supplier's question, it must not give information that might give that supplier an unfair advantage over the other suppliers. If Council wishes to disclose advantageous information, it must make it available to all suppliers at the same time.
4. When Council responds to a supplier's question, it must not discuss or disclose another supplier's confidential or commercially sensitive information.

Rule 28

Additional information

1. Council may make additional information available to all participating suppliers after a Notice of Procurement is published on Tenderlink or GETS and before the deadline for responses closes.
2. Council may publish additional information on Tenderlink or GETS or, following a shortlisting, send copies to all participating suppliers.
3. Council must make additional information available to all participating suppliers at the same time.



An example of when all participating suppliers are known to Council could be the second stage of a multistep tender.

This is where Council has published a Registration of Interest, and after receiving and evaluating the responses has shortlisted suppliers. Council then invites the shortlisted suppliers to submit full tenders. These suppliers are all participating suppliers known to Council.

What if more information needs to be given to suppliers or the requirements change?

It's possible to provide additional information and change requirements after a tender has been advertised. However, there are Rules that apply to these processes.

Rule 29

Changes to process or requirements

1. Council may make changes to its procurement process or its requirements after a Notice of Procurement has been published on Tenderlink or GETS and before the deadline for responses closes.
2. Council must notify all participating suppliers of any changes to the procurement process or requirements. Council must publish all changes on Tenderlink or GETS or, following a shortlisting, send them to all participating suppliers.
3. Council must make all changes available to all participating suppliers at the same time.
4. Council must give suppliers enough time to respond to the changes. This may mean extending the deadline for responses, or allowing suppliers who have already submitted their responses a fair opportunity to change their responses.



Changes to procurement processes or requirements may include changing:

- any essential aspect of the specification of requirements or technical specifications
- a pre-condition (Rule 25) or evaluation criterion
- the ranking or weightings of the evaluation criteria
- the deadline for responses or critical dates in the procurement process
- the rules or conditions that apply to the procurement process.

Evaluating Responses

Rule 30

Treatment of responses

1. Council must have in place procedures that guarantee all suppliers' responses are treated fairly. This includes receiving, opening and evaluating responses.
2. To be considered for an award of contract, a supplier must:
 - a. submit its response in writing (this can be through electronic means such as email if specifically allowed for in the Notice of Procurement)
 - b. comply with all pre-conditions (Rule 25) if any, or other conditions for participating in the contract opportunity.
3. Council must not penalise a supplier who submits a late response, if the delay is solely the Council's fault.
4. If, after opening the responses but before evaluating them, Council offers a supplier the opportunity to correct unintentional errors, it must offer the same opportunity to all participating suppliers.

Rule 31

Reasons to exclude a supplier

1. Council may exclude a supplier from participating in a contract opportunity if there is a good reason for exclusion. Reasons for exclusion include:
 - a. bankruptcy, receivership or liquidation
 - b. making a false declaration
 - c. a serious performance issue in a previous contract
 - d. a conviction for a serious crime or offence
 - e. professional misconduct
 - f. an act or omission which adversely reflects on the commercial integrity of the supplier
2. Council must not exclude a supplier before it has evidence supporting the reason for the exclusion.



If it is discovered that the same errors appear in responses from different suppliers (eg misspelled words or the same mathematical mistakes), this may indicate that these suppliers have shared information (eg cut and paste from each other's responses) and may be acting anti-competitively.

For more examples, see the Commerce Commission fact sheet, How to recognise bid rigging, at: www.comcom.govt.nz

Chapter 4

Awarding the contract

Awarding the contract

Rule 32

Awarding the contract

1. Council must, unless there is a legitimate reason to cancel the procurement, award the contract to the supplier/s that has both:
 - a. demonstrated that it fully understands and has the capability to deliver the requirements and meet the contract conditions, and
 - b. offered either the:
 - i. best value for money over the whole of the life of the goods, services or works (which isn't always the cheapest price), or
 - ii. lowest price, if price is the only criterion.
2. If a supplier offers a price that is substantially lower than other responses (an abnormally low bid), Council may seek to verify with the supplier that the supplier is capable of both:
 - a. satisfying all of the conditions for participation, if any, and
 - b. fully delivering all of the contract requirements (eg quality, quantity, time and location) and meeting all of the contract conditions for the price quoted.

Cancelling the contract

A legitimate reason to cancel a procurement could include a:

- Change of policy
- Change to an appropriation that affects funding for the initiative
- Council direction Look out for abnormally low bids.

Look out for abnormally low bids

An abnormally low bid may reflect a more efficient supplier or one that is willing to make an investment in the relationship by taking a lower margin on the contract. Such competitive responses should be encouraged but ensure a robust evaluation process to ensure that a low bid will not impact negatively on service delivery? Council should check an abnormally low bid with the supplier to make sure that the price is realistic and that the supplier can fully deliver the contract for that amount. If the supplier is unable to demonstrate this, Council may consider rejecting the bid. First, make sure the conditions have stated that the lowest price bid will not necessarily be accepted. An abnormally low bid could also be the result of the supplier taking advantage of its market power in breach of section 36 of the Commerce Act 1986. Report any such concerns to the Commerce Commission at: www.comcom.govt.nz

A bid that is substantially lower than other bids can sometimes be a sign that a cartel may be operating in the market. For examples see the Commerce Commission's fact sheet, How to recognise bid rigging, at: www.comcom.govt.nz

How are suppliers informed of procurement outcomes?

It's good practice to set out an indicative timeline for the procurement process in the Notice of Procurement. This should include the date that the evaluation process is expected to be completed. Suppliers then know when to expect to be notified of the outcome. Suppliers must be kept informed of any changes to key dates. When the successful supplier is selected, the unsuccessful suppliers must be informed.

Rule 33

Informing suppliers of the decision

1. After evaluating the responses and making the decision to award the contract to a particular supplier/s Council must promptly inform all of the unsuccessful suppliers in writing of this decision.

Chapter 5

Types of supply lists

Supplier lists

There are a number of different types of supplier lists.

Rule 35

Types of supplier lists

1. If Council regularly purchases a specific type of good, service or works, it may establish a list of suppliers. Common types of lists include:
 - a. Registered Suppliers List (Rule 35)
 - b. Pre-qualified Suppliers List (Rule 36)
 - c. Panel of Suppliers (Rule 37)



Where a supplier list has been established, do individual contract opportunities still need to be openly advertised?

Where Council establishes a Registered Suppliers List or Pre-qualified Suppliers List, it must still openly advertise (Rules 11 and 22) individual contract opportunities that meet or exceed the appropriate value threshold.

What is a Registered Suppliers List?

A Registered Suppliers List is a list of suppliers who have registered an interest in supplying specific goods, services or works. When buying from a Registered Suppliers List where the estimated value of the contract meets or exceeds the relevant value threshold the contract opportunity must still be openly advertised on Tenderlink or GETS.

Rule 36

Registered Suppliers List

1. A Registered Suppliers List is a list of suppliers who have registered an interest in supplying specific types of goods, services or works.
2. A Registered Suppliers List is appropriate where Council wants to know which suppliers are active in the market supplying the specific type of good or service.
3. Where Council establishes a Registered Suppliers List it is not exempt from open advertising where a contract opportunity meets or exceeds the relevant value threshold (Rules 7 and 8). Council must openly advertise each such contract opportunity on Tenderlink or GETS.

Establishing a Registered Suppliers List

4. To establish a Registered Suppliers List, Council must:
 - a. publish an Invitation to Register on Tenderlink or GETS (this is a type of Notice of Procurement)
 - b. clearly describe the specific type of goods, services or works Council is interested in procuring
 - c. make the Invitation to Register available on Tenderlink or GETS and allow suppliers to respond at specific deadline/s – typically annually.
 - d. notify unsuccessful applicants promptly and, if requested, provide the reason/s why.

Operating a Registered Suppliers List

5. To operate a Registered Suppliers List Council must:
 - a. keep an updated list of Registered Suppliers and make this publicly available on request, and
 - b. notify Registered Suppliers if the list is terminated or they are removed from the list. If Council removes a supplier from a list, it must explain why.



When a supplier is added to a Registered Suppliers List it does not result in a contractual or legal relationship between Council and the Registered Supplier.

Registered Suppliers have the potential to win contracts over time, but they are not guaranteed any work.

What is a Pre-qualified Suppliers List?

A Pre-qualified Suppliers List is a list of suppliers that Council agrees have the capacity to deliver specific goods, services or works. When procuring from a Pre-qualified Suppliers List, where the estimated value of the contract meets or exceeds the value threshold, the contract opportunity must still be openly advertised on Tenderlink or GETS. However, Pre-qualified Suppliers do not need to provide their non-price and non- contract specific attribute information for each new contract opportunity.

Rule 37

Pre-qualified Suppliers List

1. A Pre-qualified Suppliers List is a list of suppliers who Council has pre-approved as capable of delivering specific types of goods, services or works.
2. A Pre-qualified Suppliers List is appropriate if Council wants to:
 - a. verify which suppliers can deliver specific goods, services or works
 - b. make it easier for suppliers to respond to contract opportunities by only asking for qualifying information once.
3. Where Council establishes a Pre-qualified Suppliers List it is not exempt from open advertising where a contract opportunity meets or exceeds the relevant value threshold (Rules 7 and 8). Council must openly advertise each contract opportunity on Tenderlink or GETS. Pre-qualified Suppliers should make sure that they are listed on Tenderlink or GETS under the correct Tender

Establishing a Pre-qualified Suppliers List

4. To establish a Pre-qualified Suppliers List Council must:
 - a. publish an Invitation to Qualify on Tenderlink or GETS and make it available for suppliers to respond by specific annual deadline/s. The Invitation to Qualify must include:
 - i. Council's name and address and contact details for the person managing the process
 - ii. a clear description of the specific goods, services or works potential suppliers must be capable of delivering
 - iii. a list of any conditions and attributes that each supplier must meet to participate and explain how Council will check each

supplier meets the conditions

- iv. state how long the list will be active for and how it will be refreshed or terminated
- b. assess applicants within a reasonable timeframe and add qualifying suppliers at the end of each annual cycle
- c. notify unsuccessful applicants promptly and, if requested, provide the reason/s why.

Operating a Pre-qualified Suppliers List

5. To operate a Pre-qualified Suppliers List Council must:
 - a. keep an updated list and make this publicly available on request
 - b. notify Pre-qualified Suppliers if the list is terminated or they are removed from the list. If Council removes a supplier from a list it must explain why.



When a supplier is added to a Pre-qualified Suppliers List it does not result in a contractual or legal relationship between Council and the Pre-qualified Supplier.

To qualify as Pre-qualified Supplier, the supplier must demonstrate that it can meet the criteria for delivering the goods, services or works. A Pre-qualified Supplier may still need to meet other evaluation criteria each time Council wishes to purchase goods, services or works the supplier has qualified to deliver.

Pre-qualification is not the same as multi-step procurement (eg Registration of Interest followed by a Request for Proposal). There is no specific contract in mind when suppliers pre-qualify. Pre-qualified Suppliers have the potential to win contracts over time, but are not guaranteed any work.

Method of allocation of contracts

6. The Notice of Procurement must outline the method/s that Council will use to select suppliers when a contract opportunity arises. The method/s should be appropriate for the nature of the goods, services or works and the anticipated volume of work.
7. Accepted selection methods for secondary procurement processes include:
 - a. Lowest Price Conforming: Ask for quotes from suppliers and award the opportunity to the supplier who offers the lowest price
 - b. competitive quotes based on the supplier's expertise, proposed solution and best value for money: Ask for quotes from some or all Panel Suppliers and award the opportunity to the supplier who has the right level of expertise, can offer the best value for money, which isn't always the cheapest price, and deliver on time
 - c. Direct source, based on the best fit for purpose: Fair evaluation of all Suppliers and selection of the supplier who has the right capacity and capability to fulfil the contract opportunity and offers the best value for money, which isn't always the cheapest price, at the time of the purchase

Panel of suppliers and the method of allocation of contracts

Rule 38

Panel of suppliers

1. A Panel of Suppliers (Panel) is a list of suppliers who have been pre-approved by an agency and who have agreed to the terms and conditions for supply.
2. A Panel of Suppliers is appropriate when an agency wants to:
 - a. verify which suppliers are capable of delivering specific goods, services or works
 - b. agree in advance with each supplier the terms and conditions of supply of the goods, services or works, including the pricing (eg agreed hourly fee) or the pricing mechanism that will apply.
3. Once a Panel has been established through an open process under the Rules, an agency does not need to openly advertise individual contract opportunities. It may purchase directly from the panel. This is called secondary procurement.
4. When purchasing from the Panel the agency must use the specified method (Rule 54.10) to select a supplier.



Who can establish a panel?

A Panel of Suppliers may be established by:

- a single agency for its exclusive use
- a lead agency on behalf of a group of agencies with common needs (eg for a Syndicated or All-of-Government contract).

No guarantee of work

Although suppliers from a Panel are not guaranteed any work, they will have some expectation of getting work. So the size of the Panel should be proportionate to the anticipated demand. Ideally, all suppliers should get some work while the Panel is in existence.

Open and closed panels

A Panel is 'open' if other suppliers can apply to be on the Panel during the period it is established for.

A Panel is 'closed' if other suppliers can't apply to be on the Panel during the period the Panel is established for.

Establishing a panel of suppliers

5. An agency must openly advertise the opportunity to be selected for the Panel of Suppliers in accordance with Rule 14 and Rule 32.
6. The Notice of Procurement must comply with Rule 34 and include the content specified in Rule 35. It must also include the following information:
 - a. the terms and conditions of supply that will apply (eg the framework agreement)
 - b. the method/s the agency will use to award contracts to suppliers on the Panel (ie the secondary procurement process (Rule 54.10))
 - c. how the agency will contract with a supplier who agrees to deliver a specific goods or service or works
 - d. the period of time the Panel will be established for
 - e. whether or not the Panel is 'open' or 'closed'
 - f. any circumstances that may lead to a supplier being removed from the Panel.
7. The Notice of Procurement (Notice) can be:
 - a. a one-off Notice to establish the Panel
 - b. a standing Notice which is made available continuously on GETS that allows interested suppliers to respond on an ongoing basis
 - c. an occasional Notice that is published from time to time when an agency wants to refresh or expand the Panel.
8. It is expected that an agency will appoint more than one supplier to a Panel.



Contract Award Notice

On establishing the Panel, an agency must publish the names of all of the suppliers that have been appointed to the Panel in its Contract Award Notice.

Where a Panel Supplier is given a specific contract through a secondary procurement process, the agency does not need to publish a Contract Award Notice.

However, it is good practice to be transparent and publish summary details of contracts awarded as a result of secondary procurement from a panel (eg an agency may publish these on GETS or its own website).

Secondary procurement process

Agencies can use more than one method for secondary procurement as long as this is explained in the Notice of Procurement (for example, the notice may say the agency will either direct source from one panel member or request quotes from some or all panel members).

A **Panel of Suppliers** is normally established with a set number of suppliers for a specific time period. The number of suppliers will depend on the:

- nature of the goods, services or works
- maturity of the supply market
- anticipated volume of work.

Method of allocation of contracts

9. The Notice of Procurement used to establish the Panel must outline the method/s that the agency will use to select suppliers when a contract opportunity arises (secondary procurement process). The method/s should be appropriate for the nature of the goods, services or works and the anticipated volume of work.
10. Accepted selection methods for secondary procurement processes include:
 - a. competitive quotes based on the lowest price: Ask for quotes from some or all of the Panel Suppliers and award the opportunity to the supplier who offers the lowest price
 - b. competitive quotes based on the supplier's expertise, proposed solution and best value for money: Ask for quotes from some or all Panel Suppliers and award the opportunity to the supplier who has the right level of expertise, can offer the best value for money, which isn't always the cheapest price, and deliver on time
 - c. direct source, based on the best fit for purpose: Fair evaluation of all Panel Suppliers and selection of the supplier who has the right capacity and capability to fulfil the opportunity and offers the best value for money, which isn't always the cheapest price, at the time of the purchase
 - d. rotation: Award opportunities to each supplier in turn regardless of their expertise, value for money, which isn't always the cheapest price, or delivery time
 - e. equal division of the work: Fix an upper limit for the amount of work that can be awarded to each supplier and award opportunities on a rotational basis. When a supplier reaches the upper limit, the agency chooses the next supplier from the Panel
 - f. preferred supplier basis: Identify a preferred supplier from the Panel. This supplier receives most of the opportunities unless it has a conflict of interest or is unable to supply. If this happens, the agency will award the opportunity to the next-ranked supplier from the Panel
 - g. location: Award opportunities to the supplier who is best able to deliver based on their location and the location of the work.

Chapter 6

Other rules you need to know

There are other requirements that Council should consider:

Rule 39

All-of-Government Contracts (AoGs)

1. An All-of-Government contract (AoG) is a type of approved collaborative contract. AoGs establish supply agreements with approved suppliers for selected common goods or services purchased across a wide range of government and quasi government agencies. AoGs are developed under the oversight of the Procurement Functional Leader (Chief Executive of MBIE) and managed by appointed procurement Centres of Expertise.
2. Council may purchase from the AoGs, if it is commercially advantageous to do so.
3. Before approaching the market, Council should check if there is an existing AoG which is available.



For more information on the categories of goods and services available and how to buy from AoG contracts, see: www.procurement.govt.nz

Rule 40

Syndicated Contracts

1. A Syndicated Contract (SC) is a type of approved collaborative contract. SCs typically involve a cluster of Councils aggregating their respective needs and collectively going to market for common goods, services or works. It may involve Councils anticipating collaboration and including a Common Use Provision (CUP) clause within the resulting contract, that allows other Councils to contract with the supplier on the same terms later.

The Buller Local Authority Shared Service (MW LASS) is one local example of a cluster of Councils which is active in seeking opportunities for collaborative procurement. The purchase of goods and services that have been negotiated by the MW LASS are treated in the same way as an All of Government Contract and Council may purchase through an MWLASS procurement opportunity if it is commercially advantageous to do so.



For more information about Syndicated Contracts and the process of obtaining approval, see MBIE's Guide to Syndicated Procurement, at: www.procurement.govt.nz

Rule 41

Intellectual Property

1. If Council's procurement of goods, services or works involves the supplier creating new Intellectual Property, Council must set out, in its Notice of Procurement, its intentions regarding ownership, licensing, and future commercialisation of that Intellectual Property.



It's important to consider if new Intellectual Property will arise in a contract and to explicitly set out Council's expectations about ownership and licensing in your Notice of Procurement. This provides clarity for suppliers at an early stage and potentially reduces expense and time later on negotiating ownership and licensing.

Alternatively, suppliers can be asked to state in their responses their assumptions about any anticipate new IP.

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 7

Prepared By: Douglas Marshall
Chief Financial Officer

Reviewed By: Simon Pickford
Chief Executive Officer

BULLER HOLDINGS UPDATE ON DIRECTOR REMUNERATION AND APPOINTMENTS APRIL 2024

1. REPORT PURPOSE

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.

2. DRAFT RECOMMENDATION

That the Risk & Audit Committee received the report on directors' fees payable to the directors of Buller Holdings Limited and director appointments for information.

3. BACKGROUND

Directors fees need to be regularly reviewed and adjusted to ensure they are at levels which attract quality candidates for the council CCO appointments.

The Council last reviewed directors remuneration in 2023 and made a 2.2% increase from the 2023 AGM. That review was supported using the Institute of Directors snapshot process and cost \$995 plus GST. Staff intend to request the 2024 report shortly for the same adjustment to be used for Directors fees remuneration from the 2024 AGM..

A summary of the information about the current Directors is noted below:

Director Name	Role	Annual Remuneration	First Appointed to BHL	Current Term Ends
Rob Burdekin	Director	\$25,417	1/4/2020	AGM 2026
Steve Grave	Chairperson of the Board	\$54,020	1/4/2020	AGM 2024
Kieran Sweetman	Director	\$25,417	7/12/2021	AGM 2024
Vanessa van Uden	Chair of Health & Safety Committee	\$30,075	7/12/2021	AGM 2024
Gareth Allen	Chair of Finance & Audit Committee	\$30,075	29/10/2014	AGM 2025

3 directors end their terms at the 2024 AGM. Those directors at that date will have had terms ranging from 3 to 4 years, terms which would not indicate that any of the directors would be considered for replacement. Final decisions will need to be made in due course.

A proposal for a directors' evaluation process will also need to be considered prior to the AGM.

5. OPTION

There are two options the committee could consider about this report:

Option 1 Support the recommendation provided by staff.

Option 2 Propose an alternate recommendation.

6. CONSIDERATIONS

6.1 Strategic Alignment

Not relevant to this report.

6.2 Significance Assessment

Not relevant to this report

6.3 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.

6.4 Risk Management Implications

Receiving this paper and acting on the recommendations is key part of managing the various risks that the Council has in owning a Council-controlled organisation.

6.5 Policy Framework Implications

Accepting this paper does not provide Council with a significant risk.

6.7 Legal Implications

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

6.8 Financial / Budget Implications

Most of this work outlined in this report can be undertaken using Council staff resources.

6.9 Consultation Considerations

There is no consultation with the public required on this issue.

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 8

Prepared by: Douglas Marshall
Chief Financial Officer

Reviewed by: Simon Pickford
Chief Executive Officer

LEASEHOLD PROPERTIES - 20% DISCOUNT OFFER

1. REPORT SUMMARY

Over the past 5 years, the council has adopted recommendations to allow a sale discount of 20% of the independently assessed market value of each leasehold property.

This decision 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 proposes that the discount scheme is discontinued from 30 June 2024.

2. DRAFT RECOMMENDATION

That the Risk & Audit Committee recommend to Council that the twenty percent discount of the independently assessed market value of leasehold land be discontinued from 30 June 2024.

3. ISSUES AND DISCUSSION

3.1 Background

Currently Council has 24 leasehold properties remaining with the land value (Government Valuation) of approximately \$2.0m. The properties are currently generating \$62,000 in lease revenue throughout this financial year. This is a return of approximately 3.8%. 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.

As a result of these discount schemes, Council has sold more than 100 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.

Although 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.

At this time, the council should discontinue the discount and manage freeholding with a normal investment approach being that a willing buyer and willing seller agree on a sale price.

3.2 Information about the Remaining Leases

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.

4 leases have completed the freeholding process in the last 12 months, 2 are currently in the process.

Although a 3.8% return is below cash deposit returns currently, there is minimal administration with these leases.

The 20% discount is preferred to be held by the council now and not passed to the lessee on freeholding.

4. OPTION

There are three options the committee could consider regarding this report:

Option 1 Support the recommendation provided by staff.

Option 2 Propose a different discount % e.g. 10%

Option 3 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.

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 considering 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 discontinued from 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 APRIL 2024

AGENDA ITEM: 9

- Prepared by** Di Rossiter
Project Lead – Climate Adaptation Planning, Project Manager for BDC
- Reviewed by** Nathan Riley
Group Manager Regulatory Services, BDC
- Attachments** 1. Climate Adaptation Planning - Project Status Update

CLIMATE ADAPTATION PROJECT

1. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the attached Climate Adaptation Planning, Project Status Update as information.

Future Buller / Climate Adaptation

Report – Project Update

To: Risk and Audit Committee (Meeting 17 April 2024)

Author: Di Rossiter - Climate Adaptation Planning, Project Manager for BDC

Approved: Nathan Riley GM Regulatory Services

This project update has been provided to support reporting to the Risk and Audit Committee meeting, 17 April, and includes updates on the:

- Current work programme,
- Forward work programme,
- Key issues for SLT & Governance visibility, and
- Project History and Budget

Current work programme

The Project comprises three distinct but interdependent sub-projects: community engagement, risk assessment, and adaptation planning.

1. Community Engagement

- In Nov / Dec 2023, a series of community workshops were run across the district to build awareness of the project, its purpose, and its structure.
- To minimise expenditure, the project team delivered multiple community engagement workshops on each day, and on consecutive days. This reduced the flexibility we could apply around the when each workshop was held and for how long. We are aware this meant some community members were unable to attend during the times that the workshops were held.
- We have reviewed the outcomes from Round #1 of our community engagement and identified improvements summarised in Table 1 (at end of this report). However, there are several constraints associated with these proposed improvements that require further consideration.
- An online portal ([Future Buller: Adapting to climate change \(bullerdc.govt.nz\)](https://bullerdc.govt.nz)) has been launched for those unable to attend a scheduled workshop.

Table 1: Proposed community engagement improvements.

Issue Encountered	Response	Constraint
<p>Lower than ideal community attendance at some meetings (from lack of interest, literacy issues, existing commitments, internet access or vehicle access challenges) and impacts this will have on impact on the diversity of views, and subsequent reduction in process robustness and legitimacy, sub-optimal DAPPs and lack of community buy-in in DAPPs</p> <p>Note we were pulled into early engagement due to TTPP engagement on coastal hazards and a desire to align approaches / messaging</p>	<ul style="list-style-type: none"> • Ensure multiple opportunities and mechanisms and marketing activities (including online) are provided for engagement • Ensure support mechanisms (e.g., transport or online support at the library) are provided so all community members are given the opportunity to engage • Target already established community networks and groups and community events and use these to propagate communications • Target youth forums and schools • Consider holder fewer workshops but at times that may cater to the greatest number of community members e.g., group Karamea / northern Buller workshop and hold in, say, Ngakawau, from 3pm – 7pm • Use community connectors to connect people and build trust in process • Ensure engagement is scheduled months in advance so we can build awareness of what is happening • Ensure alignment between project schedules well in advance 	<ul style="list-style-type: none"> • Budget impacts on number (but more importantly timing) of in-person workshops that can be held • May affect attendance as people less willing / able to travel longer distances to attend workshops • Willingness of network / community connectors to participate and support process in some instances • Many moving parts to coordinate means the need to remain flexible will compromise engagement planning
<p>Community does not care which organisation we are from (BDC or WCRC or other)</p>	<ul style="list-style-type: none"> • Have a joined-up approach (both Councils), and if possible, with other agencies and departments – no ‘passing the buck’ • Aligned messaging, comms strategy, and schedule as it is all one project (the district’s future resilience) 	<ul style="list-style-type: none"> • Many moving parts to coordinate means the need to remain flexible will compromise engagement planning

Misinformation, climate change denial, and mistrust regarding incompetence or hidden agendas	<ul style="list-style-type: none"> • Start communicating and keep communicating (even if we have nothing new to share) through proactive engagement with The Westport News and social media(?) to strategically fill the gap with facts and counter misinformation with science 	<ul style="list-style-type: none"> • Budget impacts on communications resourcing • Limited internal Council resource
--	--	--

2. Risk Assessment

- Council's Risk Assessment process commenced in 2022 with a high-level risk screening process across 5 domains: Built Environment, Economy, Governance, Human, and Natural Environment. A series of workshops were held with Technical Advisory Groups (TAGs) that held essential knowledge for the process, and a High-Level Risk Screening report was produced.
- A sixth domain, Kaupapa Māori, requires input from Te Rūnanga o Ngāti Waewae. We are ready to work with Ngāti Waewae on this when the time is right for them. In the meantime, we keep them updated on the project through written summary reports.
- Table 2 below explains the risk domains.
- Following the completion of the high-level risk assessment, we have been commissioning and collating climate and natural hazard risk data so we can understand what is at risk and how this risk changes in the future under different climate scenarios.

Table 2: Risk assessment domains.

DOMAINS	
Built environment	Vertical (e.g., buildings) and horizontal (e.g., roads, electricity) infrastructure.
Economy	Set and arrangement of inter-related production, distribution, trade, and consumption that allocate resources.
Governance	The governing architecture and processes in and between governments, and economic and social institutions.
Human	Direct and indirect impacts on people.
Kaupapa Māori	Direct and indirect impacts on Tangata Whenua and taonga.
Natural environment	Aspects of the natural environment that support the range of our indigenous species, he kura taiao (living treasures), the ecosystems, and our blue-green infrastructure.

3. Adaptation Planning

- In early 2024, the project group commenced scoping of the adaptation planning process.

Forward work programme

Task	Indicative timeframe
Prepare and deliver ¹ Risk Explorer for SLT, elected members and iwi	Jun/Jul 2024
Share Risk Explorer with TAG and test Risk Assessment findings	Aug 2024
Prepare for and commence community engagement Round #2 focused on sharing risk information	Sept – Oct 2024 onwards
Risk prioritisation process	Aug – Nov 2024
Start building adaptation plans	Nov 2024 onwards

Table 3: Forward work programme summary**1. Community Engagement**

- Proposed community engagement improvements (see Table 1) require further consideration and prioritisation.
- Existing networks and ‘community connectors’ will be utilised to attain better reach within our communities.
- There will be a push to increase visibility of the Future Buller website via the BDC website over the coming 2 months and increase online engagement and contribution.
- Round 2 of (face to face) community engagement is scheduled to commence August / September 2024. The scheduling of this engagement will be undertaken in co-ordination with the Resilient Westport Communication & Engagement Team, relevant representatives from West Coast Regional Council, as well as with guidance from Council’s Governance group and SLT as required.

2. Risk Assessment

- An online geospatial tool, named Risk Explorer, is in the final stages of development and will be delivered for review in June.
- Risk Explorer will be used to visually illustrate our district’s complex and changing risk profile and communicate this risk with Council, iwi, stakeholders, and the community.
- A written Detailed Risk Assessment report will be provided in June to accompany the delivery of Risk Explorer.
- The process of risk ranking, and prioritisation will then need to be undertaken. This will require significant input from Council’s SLT and elected members, as well as the Technical Advisory Groups (TAGs).

¹ Note this will never be ‘complete’ as we will always be adding new data from the national and international science community, as it becomes available

- Difficult decisions will need to be made due to the large gap between our district’s adaptation needs and the funding required to meet them².

3. Adaptation Planning

- Once risks are ranked and prioritised and communities engaged, dynamic adaptive pathway plans will be built for (with input from) our communities at risk.

Key issues and challenges

1. Strategic integration and prioritisation of communications and community engagement across multiple projects (with interdependencies) that enables:
 - Best use of resources, and
 - Best outcome for communities.
2. Re-building trust across our communities following a turbulent post-disaster period.
3. Best use of available budget to avoid sub-optimal outcomes e.g., data gaps introduce uncertainty.
4. Developing best practice as we work through the process i.e., there are currently no “off the shelf templates” for the delivery of climate risk assessments and adaptation plans in Aotearoa.
5. Working effectively under the challenge presented by Buller’s significant climate risk profile where the district is already one of the country’s most exposed districts to climate effects³, with three of our most socio-economically deprived communities (Urban Westport, Granity, and Hector) making the list of Aotearoa’s 44 most flood vulnerable communities.
6. Working effectively to understand and address the considerable and increasing risk to our built environments and social structures, as well as our district’s complex indirect and cascading risk profile.
7. Keeping our most vulnerable communities safe whilst navigating the challenges of what immediate options are available.

² At the time of writing, there has been no decision from Government regarding funding models or mandatory mechanisms.

³ [Vulnerable-Communities-Exposed-to-Flooding-Report- Oct2022.pdf](#)

Project History

In its LTP 2021 – 2031, Council started the conversation with its local communities about climate change issues, resilience, and the need for science-based adaptation planning, and confirmed a significant mismatch between the scale of our district’s adaptation challenge and the resource available to address it. The community prioritised investment into climate resilience and adaptation planning and Council responded accordingly by prioritising a stepped approach across several years within the LTP 2021 – 2031. While the budget allocation was significant for BDC, it was insufficient to achieve the project aims and co-funding (60:40) was achieved through MBIE’s Business in Partnership (BIP) fund in 2023 and in partnership with the University of Canterbury.

Budget

Table 4 below: Overall Project budget compared to actual costs to 28 February 2024.

Climate change project						
				Actual Cost	Forecast cost	Total Budget
2021/2022 Financial Year				29,089		40,000
2022/2023 Financial Year				234,575		186,200
2023/2024 Financial Year				241,363		179,040
2024/2025 Financial Year					130,000	130,000
2025/2026 Financial Year					132,000	132,000
				505,026	262,000	667,240
Totals					767,026	667,240
Climate changes breakdown of outputs						
Preliminary & non UC Toitu work				147,630		
University of Canterbury				555,000		
Toitu carbon monitoring				64,396		
					767,026	

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 10

Prepared by: Domonic Venz
Harbourmaster

Reviewed by: Douglas Marshall
Chief Financial Officer

PORT & DREDGE – REPORTING ON INTEREST CHARGES

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 of February 2024.

2. DRAFT RECOMMENDATION

That the Risk & Audit Committee receive the Port & Dredge Operations report as of March 2024 for information.

3. ISSUES AND DISCUSSION

3.1 Interest charge on closed accounts

A question was raised at the February 2024 RAC meeting regarding the charging of interest on the port and dredge closed account(s) if they are in deficit.

The reason this question was of interest, is that both account(s) do not receive any rates income, but if they are in deficit, there must be a cost on ratepayers if no interest charged.

Staff gave a verbal comment that interest was charged but proposed that it would be best if they confirmed that answer at the next committee meeting.

The following report is consistent with last month but now identifies interest costs for the port, but they need to be calculated for the dredge. The interest calculations will be updated as part of the 30 June 2024 reporting cycle.

	2023	2023			Account
	Actuals	Dec actuals	Total budget		Total
Port					
Income	198,923	107,789	177,155	61%	1,234,266
Port operating costs (inc loan int)	593,503	382,459	506,789	75%	3,309,710
Interest	58,424	-	58,421		296,249
Depreciation	98,400	-	160,692	0%	420,750
Overheads	86,436	44,778	89,556	50%	336,297
Net Surplus/(Deficit)	(637,840)	(319,448)	(638,303)	50%	(3,128,741)
Dredge					
Income	2,312,682	1,773,218	3,680,505	48%	9,142,380
Dredge operating costs	1,653,781	1,541,457	1,916,840	80%	7,355,051
Interest	-	-	87,220		-
Dredge rehabilitation/renewal	1,579,849	-	-		2,301,337
Depreciation	12,659	-	7,392	0%	25,273
Overheads	127,787	74,706	149,412	50%	364,770
Direct Costs	-	-	-		-
Net Surplus/(Deficit)	(1,061,394)	157,055	1,519,641	10%	(904,051)
Total Net Surplus/(Deficit)	(1,699,234)	(162,393)	881,338		(4,091,217)
Capital Expenses					
Port	13,659	296,708	10,505		1,440,679
Dredge	45,785	0	-		261,312
Total capital	59,445	296,708	10,505		1,701,991
Capital funding sources					
Loans raised					1,340,000
Sale of Bob Gower					150,000
Total capital funding	-	-	-		1,490,000
Net Activity Surplus/(Deficit)	(1,758,679)	(459,101)	870,833		(4,303,208)
Opening balance for year	(2,085,428)	(3,844,107)	(3,844,107)		-
Closing balance for year	(3,844,107)	(4,303,208)	(2,973,274)		(4,303,208)

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. This report presents the significant projects which are important for the community and the future of the district. Reporting on the significant projects provides an opportunity to review if the areas of focus align 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 port 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 considering 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

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.

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

There is good interest from the public and the media about the dredge and port activities which staff respond to as required.

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 11

Prepared by Lynn Brooks
Finance Manager

Reviewed by Douglas Marshall
Chief Financial Officer

INVESTMENTS AND BORROWINGS REPORT – AS AT 29 FEBRUARY 2024

1. REPORT SUMMARY

This report summarises Council's cash investments and borrowings for the month of February 2024, and compliance with Council treasury management policy.

2. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the Investments and Borrowings report as at 29 February 2024 for information.

3. ISSUES AND DISCUSSION

3.1 Term Investments

Total term investments have not changed since the last report to 31 January 2024.

3.2 Bank Balance

Council's main trading account closing balance was \$181k as at 29 February 2024. The balance decreased by \$168k since the last report to 31 January 2024. In addition to the main trading account, Council holds contract retentions in an interest earning bank account but does not include that bank balance in the treasury management report because these funds are committed for future use.

3.3 Interest Revenue

Interest revenue to the end of December is \$793k against a year to date budget of \$737k.

Council has renegotiated its bank charges and credit interest rates with Westpac. This resulted in a decrease in bank fees and an increase in interest rates received. Interest is now earned on all of Council's bank accounts including the everyday trading account, whereas in the past only special short term deposit accounts earned interest. The renegotiated terms came into effect during August 2023. The resulting increase in interest received will result in a positive variance to budget throughout the year.

3.4 Borrowings and Net Debt Position

Total borrowings increased by \$200k since the last report to 31 January 2024. The total borrowings increased from \$34.71m at 31 January 2024 to \$34.91m at 29 February 2024. This was due to a short-term borrowing from Westpac which has increased by \$200k since last reported; \$1.5m to \$1.7m. The funds borrowed was used for additional flood recovery expenditure incurred, while council was waiting on the grant from external funders claims to be paid. This is a timing difference.

Net debt (borrowings less term investments and call account balance) has increased by \$200k since last reported from \$22.1m to \$22.3m due to the decrease of \$200k in borrowings.

Subsequent to this reporting date of 29 February 2024, a \$5m tranche of LGFA debt has been rolled over for a 12-month term with the same funding provider.

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 \$2.934m representing 24% of the total investment portfolio.

3.6 Compliance with Financial Strategy Net Debt Limit set in the Long Term Plan

The Financial Strategy of Council is that net debt is not more than \$25m at any given time. Currently Council's net debt is \$22.3m. This was a planned breach adopted along with the 2023/24 Annual plan.

3.7 Net debt position compared to Annual Plan budget

Council planned to have net debt of \$29.3m as at 30 June 2024. The current net debt position is \$22.3m.

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 considering 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. The following tables and graphs compare the monthly results to the parameters set out in the policy.

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

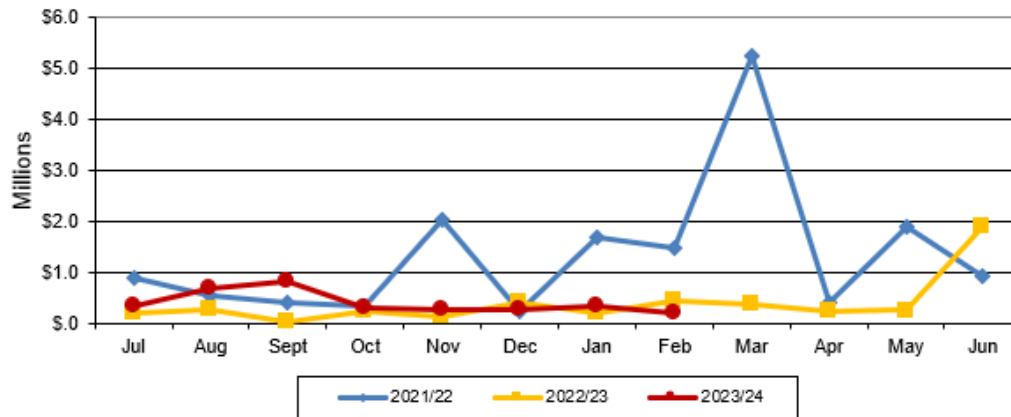
None identified.

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 29-Feb-24	Last Month 31-Jan-24	Last Year 30-Jun-23
Council	\$181,148	\$349,552	\$256,237

2. MONTH END BANK BALANCES



3. SUMMARY OF INVESTMENTS

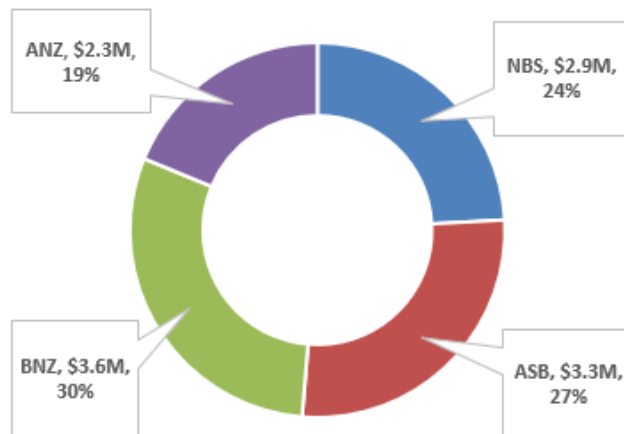
	This Month 29- Feb-24	Last Report 31-Jan-24	Last Year 30-Jun-23
Term deposits	12,114,711	12,114,711	14,107,472
LGFA Borrower Notes	500,000	500,000	500,000
Call Account	-	-	-
Balance before other Investments	12,614,711	12,614,711	14,607,472
Other investments (Includes loan to Holding Company)	1,600,982	1,600,982	1,600,982
Total Investments	\$14,215,692	\$14,215,692	\$16,208,454

3.1 Term Deposits

Investment Type	Counterparty	Amount	Start Date	Maturity Date	Fixed Interest Rate
Term Deposit	ASB	1,325,000	13-Sep-2023	13-Mar-2023	5.85%
Term Deposit	ASB	1,000,000	26-Aug-2023	28-Mar-2024	5.75%
Term Deposit	NBS	400,000	07-May-2023	6-May-2024	5.75%
Term Deposit	ASB	977,776	23-Dec-2023	23-Jun-2024	5.75%
Term Deposit	BNZ	1,000,000	30-Jun-2023	30-Jun-2024	5.80%
Term Deposit	NBS	1,000,000	29-Jun-2023	01-Jul-2024	5.75%
Term Deposit	BNZ	1,000,000	05-Nov-2023	02-Jul-2024	6.00%
Term Deposit	NBS	1,534,038	18-Jul-2023	18-Jul-2024	5.85%
Term Deposit	BNZ	1,636,800	29-Nov-2023	25-Aug-2024	6.10%
Term Deposit	ANZ	1,199,821	09-Oct-2023	08-Oct-2024	6.00%
Term Deposit	ANZ	1,041,277	29-Jan 2024	25 Oct-2024	6.00%
Total Term Deposits		12,114,711			

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

3.2 Term Deposits Summary by Trading Bank

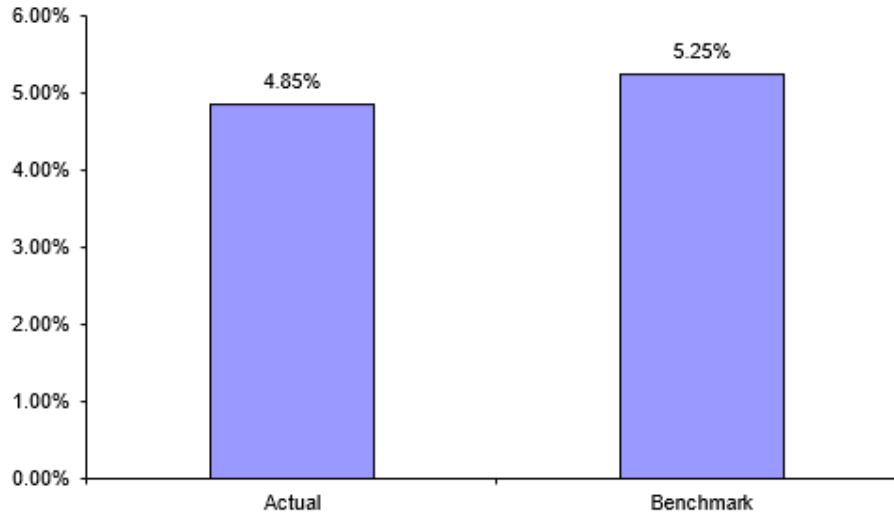


The maximum allowable investment per issuer is \$10m.

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	5.785%
LGFA Borrower Note	LGFA	125,000	1-Mar-2025	5.815%
LGFA Borrower Note	LGFA	125,000	1-May-2026	5.850%
LGFA Borrower Note	LGFA	125,000	1-Mar-2027	5.975%

4. INVESTMENTS PORTFOLIO PERFORMANCE (12-Month Average)



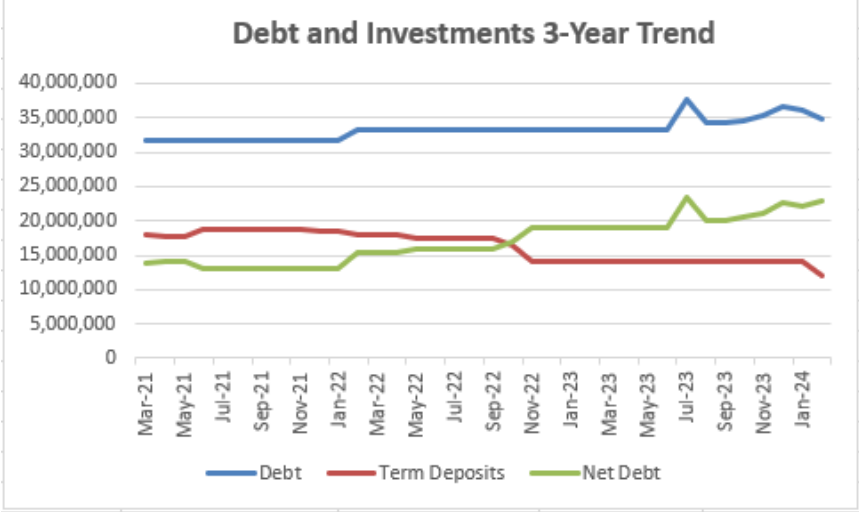
5. INTEREST REVENUE

	Actual YTD	Budget YTD	Full Year Budget
Interest Revenue	\$793,259	\$736,969	\$1,237,802

6. SUMMARY OF BORROWINGS

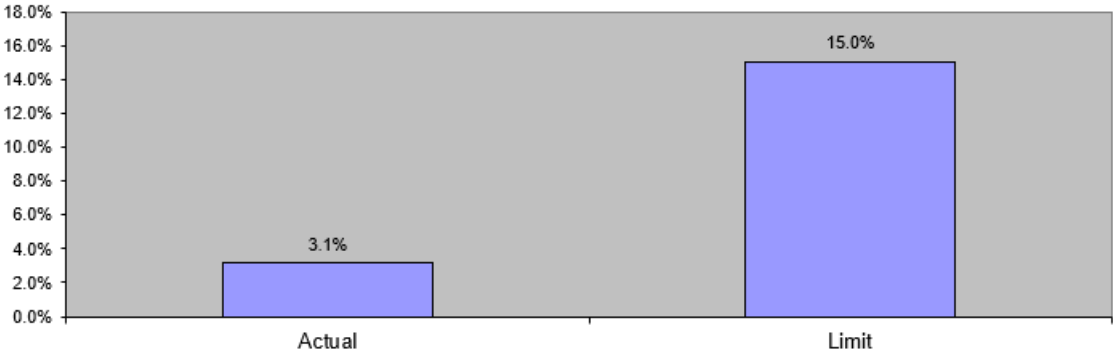
	This Month 29-Feb-24	Last Month 31-Jan-24	Last Year 30-Jun-23
External Debt			
Westpac Loan Facility	14,913,860	14,713,860	14,243,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
	\$34,913,860	\$34,713,860	\$34,243,860
Weighted Average Interest Cost	5.30%	5.30%	5.13%
Net Debt			
Total Borrowings	34,913,860	34,713,860	34,243,860
Less: Term deposits (including Call Account)	12,614,711	12,614,711	14,607,472
	\$22,299,149	\$22,099,149	\$19,636,388

7. DEBT AND INVESTMENTS 3-YEAR TREND

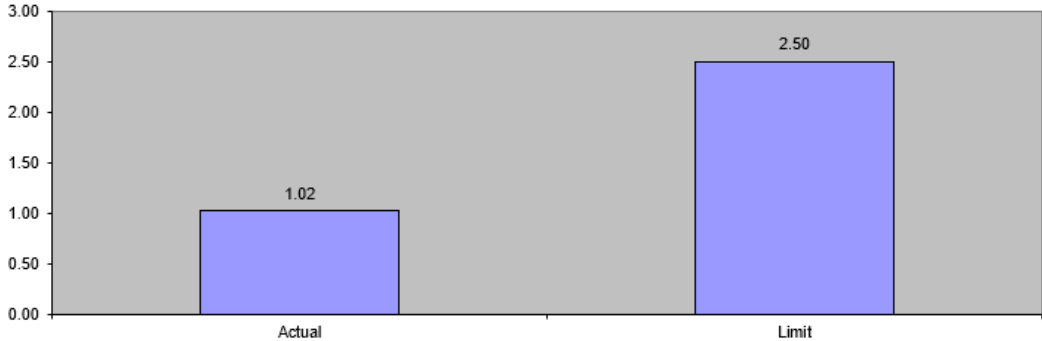


The above graph reports net debt as: gross debt held with external parties; less terms deposits excluding the call account. The definition used by this graph is in line with Council’s Treasury Policy but differs from how investments and net debt are expressed in other parts of this report that include the call account. The variability shown since January 2022 is due to the use of short-term borrowings that are being utilised as needed for flood recovery activities until they are funded from external agencies. There are also term borrowings drawn for planned capital works as set out in the Annual Plan, in conjunction with the reduction in term deposits.

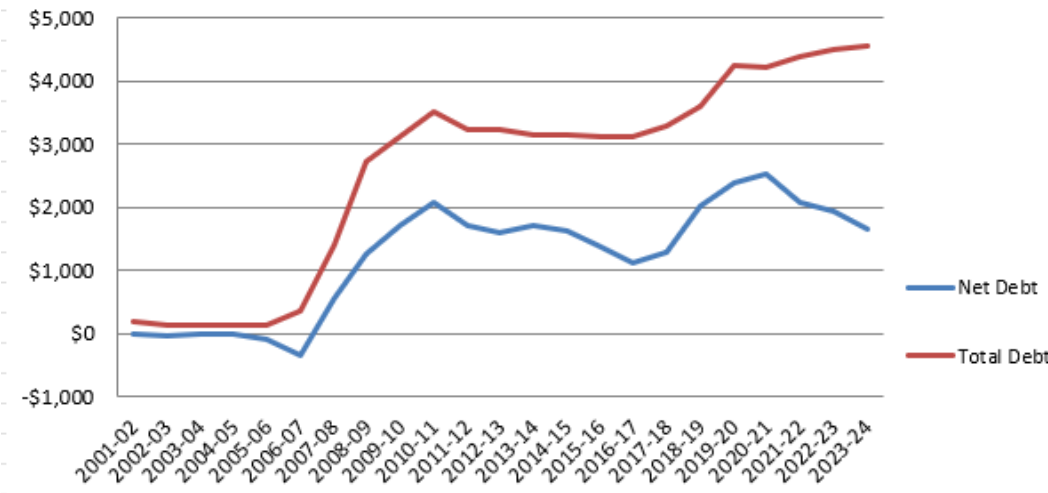
7.1 Interest Expense / Total Income



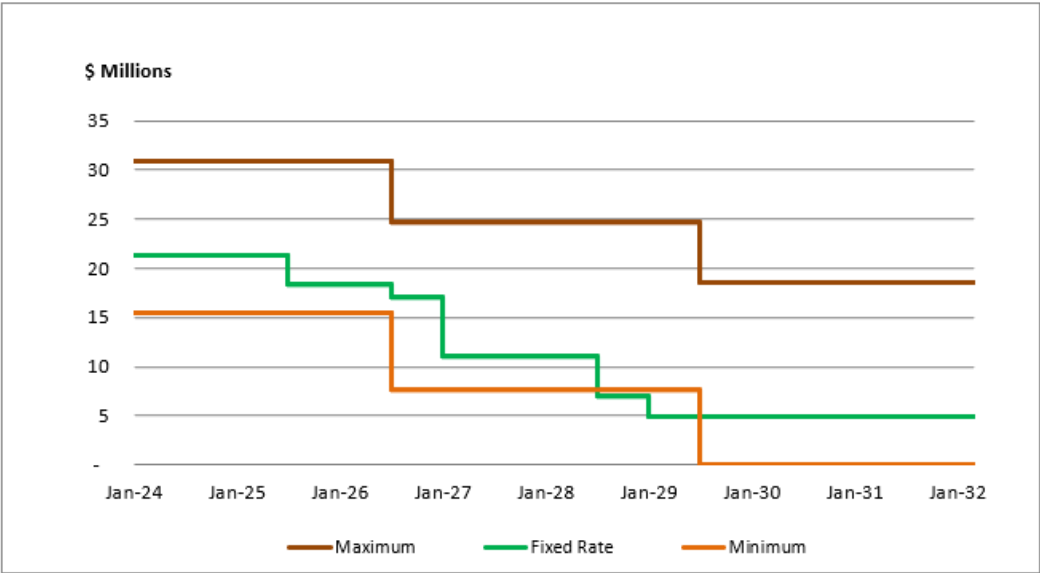
7.2 Gross Debt / Total Income



7.3 Debt and Net Debt per Rateable Property



7.4 Fixed Rate Debt - Compliance with Treasury Policy



Council uses interest rate swaps as a tool to manage fixed rate interest on external debt. This graph shows the amount of swaps held currently provide sufficient cover until 2028.

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 12

Prepared by Lynn Brooks
Finance Manager

Reviewed by Douglas Marshall
Chief Financial Officer

CAPITAL RECEIPTS AND EXPENDITURE TO 31 DECEMBER 2023 UPDATE

1. REPORT SUMMARY

This report provides further information requested at the March 2024 Risk and Audit Committee meeting.

2. DRAFT RECOMMENDATION

That the Risk and Audit Committee approve a carryover of \$80k from the remaining available budget from the year ending 30 June 2023 for the Reefton Service Centre improvements completed during the 1 July 2023 to 30 June 2024 financial year.

3. ISSUES AND DISCUSSION

At the March 2024 Risk and Audit Committee meeting Deputy Mayor A Basher sought further information on Appendix C, on page 101 regarding \$80,000 for the Reefton Service Centre. The request was for further information about what was the total cost of this project and what was budgeted?

The project had a budget of \$230,506 provided for in the 2022/2023 Annual Plan.

Council has spent \$168,107 on this project in total. to date.

The project spanned Sep 2022 to Sep 2023. \$90,000 of works had been completed and had been capitalised and included in the end of year assets as of 30 June 2023.

The required carryover into 2023/24 was not done as part of the carryovers report, therefore, a resolution went to March 2024 RAC to request approval for the additional \$80,000 to be confirmed in the current financial year for completeness.

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 13

Prepared by: Douglas Marshall
Chief Financial Officer

Reviewed by: Simon Pickford
Chief Executive Officer

Attachment 1 – Morrison Low recommendations on improvements

MORRISON LOW FOLLOW UP REPORTS

1. REPORT SUMMARY

This report provides an update on progress in implementing the Morrison Low reports being the PMO review and the Infrastructure Health Check.

2. DRAFT RECOMMENDATION

That the report on progress in implementing the Morrison Low recommendations be received as at April 2024

3. ISSUES AND DISCUSSION

The Risk and Audit Committee received reports from Morrison Low at its meeting of 11 October. The report has been released to the public and the following report prepared on progress.

Attached to this report are the key recommendation from the PMO review and staff comments as at 10 April 2024.

Also attached are the recommended improvements from the Infrastructure Health Check. Some have been implemented while other wait for more direction as to how the water reforms will be implemented.

Extract from Risk and Audit Committee meeting minutes 11 October 2023

RESOLVED that

1. That the Risk and Audit Committee receives the PMO Review Update Report
2. That the Risk and Audit Committee provide feedback to staff on the attached reports
3. That the Risk and Audit Committee, subject to feedback, recommends to Council that:
 - 3.1. The Infrastructure Health Check is proactively released.
 - 3.2. The PMO Review report is proactively released.
 - 3.3. That the CEO and Group Manager Infrastructure are tasked with implementing the recommendations of each review and report back on progress made.
 - 3.4. That the decision to proceed with a forensic audit is included in the proactive release material.

Cr C Reidy/Mayor J Cleine
12/12
CARRIED UNANIMOUSLY

4 OPTIONS

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. Significance Assessment

The content included in this report is not considered significant because the matters disclosed are of a routine nature..

5.2. Values assessment

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

5.3. Policy/Legal Considerations

There are no policy or legal consideration in this report that require consideration..

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 considering the likelihood of an event occurring and the result of that event.

5.6 Tangata whenua

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

5.11 Media / Publicity

The media may wish to report on this report. Staff do not believe there is any need for a publicity statement to be made.

The following are the key recommendations for the PMO as identified and reported to the Risk and Audit Committee in October 2023

Whilst the review concluded that the PMO is an effective structure for delivery of the programme of capital works projects, it should be acknowledged that the current volume of works will not continue.

As such, there are a number of recommendations for the PMO to adapt to as the volume of work changes. These include:

Item #	Key recommendation	Update as at 10 April 2024
1	An annual Business Plan for the PMO should be prepared to review objectives and purpose of the PMO, forecast works and identify resources.	Business plan will be prepared by 31 August 2024 documenting how the 2024/2025 enhanced annual plan projects allocated to it will be completed.
2	Capability and capacity of BDC and PMO resources to meet forecast demand (BAU and capital works) should be regularly reviewed.	With the adoption of the draft enhanced annual plan, a check of how each project will be undertaken/support by the following council support activities: <ul style="list-style-type: none"> • PMO • Professional Services Unit • Finance
3	Council should seek to employ BDC staff in key roles such as the PMO Lead and project management while ensuring the processes and practices are maintained and enhanced.	Being actioned as deemed appropriate
4	Systems and processes for each project must be fit-for-purpose and right-sized (using those templates already developed as far as possible).	Being actioned as deemed appropriate
5	The Contractor panel should be reviewed regularly to ensure it is right-sized for the known pipeline of work	Review to be undertaken by 30 June 2024

The following recommended improvements are currently being worked through by staff as to which need to be implemented and when.

Infrastructure Health Check Update October 2023

Recommended improvements

Through this health check, several improvements have been identified. The key recommendations by activity are:

All activities

- Policy – Update the 2015 AM Policy to cover all infrastructure asset groups as part of the 2024 LTP.
- Systems – ensure that new processes, systems and templates developed through the PMO are implemented as appropriate across all activities.

Three waters:

- Demand:
 - Implement the proposed zone metering and installing pressure reducing vales to reduce water leakage and to better understand demand.
 - Continue with the resilience programmes to address stormwater infiltration into Westport’s wastewater network.
- Data:
 - Continue with the good data management processes so BDC’s are not stopped through the proposed transition phase.
 - Ensure the significant asset condition data captured after the two storm events are adequately stored and managed in the asset management system.
- Decision making processes – Apply Te Mana o te Wai and the hierarchy of obligations into BDC’s three water decision making processes.
- Risk – Finalise the Source Water Risk Management Plans in 2023 as scheduled.
- Operational planning – Review BDC’s trade waste processes to ensure it is meeting its own bylaw. Explore a regional approach with shared services.
- Financial planning – Refine the three waters financial forecasts as part of the 2024 LTP to ensure these are up to date, accurate and meet asset and community needs.
- Audit and improvement – Start proactively monitoring the improvement programmes for BDC’s infrastructure assets (three waters, roading, parks and property, solid waste) as good industry practice.

Roading and transport

- Demand:
 - Monitor growth and demand on existing networks post COVID as visitors return and the district grows.
 - Monitor networks and structures for HV volumes and loadings – impact on networks.
 - Forecasting assumptions to be assessed further in general.
- Data:
 - Continue with the good data management processes through RAMM and OBIS.
 - Ensure the asset condition data captured after the two storm events are adequately stored and managed.
 - Continue to work on filling gaps in asset data, including condition.
 - Collection of footpath data to inform annual report LOS
- Decision making:
 - Continue to work with the other West Coast Councils in delivering ‘joined up’ thinking and planning through the combined Activity Management Plan
 - Continue to work towards an increased in-house team to enable more ownership and control in future planning and decision-making
- Risk – critical assets to be identified and managed appropriately.
- Financial planning:
 - Ensure valuations and financial forecasts are up to date and incorporate any flood recovery / resilience works.
- Audit and improvement – Proactively monitor and implement the improvement plan in the AMP.

Other asset portfolios:

- Operational planning:
 - Reset the rolling work programme for Housing for Seniors portfolio.
 - Investigate a joint waste collection services contract with Grey and Westland District Councils in anticipation of BDC’s contract expiring and to respond to the Government’s mandates and sector changes.
- Data:
 - Complete the discovery process for improving the accuracy of the parks and property asset inventories.
 - Start collecting asset condition of the parks and property portfolio to understand the current state.
- Systems - Select a suitable asset management system for parks and property assets as an alternative to Unity with three water assets removed.

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 14

Prepared by Penny Bicknell
Programme Manager – NEMA & BoF

Steve Garner
Programme Manager - IAF

Reviewed by Douglas Marshall
Chief Financial Officer

Attachments 1. NEMA Projects Status Report February 24
2. Better Off Funded Projects Status Report February 24
3. IAF Projects Status Report February 24
4. Projects in Partnership – Confirmed Public Minutes 12 February 2024
5. Projects in Partnership – Confirmed Public Excluded Minutes 12 February 2024

NEMA, IAF AND BETTER OFF FUNDING PROJECT STATUS REPORT SUMMARIES FROM PROJECTS IN PARTNERSHIP

1. REPORT PURPOSE

The purpose of this report is to bring the Risk and Audit Committee a summary of the Project Status Reports for NEMA, IAF and Better Off Funded projects for month end February 2024 and the Minutes of the February Projects in Partnership Meeting.

2. DRAFT RECOMMENDATIONS

- 1. That Risk and Audit Committee receive the Reports and Minutes from the January Projects in Partnership meeting.**

3. SUMMARY

Key points to note from each of the Programmes of Work for February/March:

3.1 NEMA Projects

- 3 Waters work package 1-5. The final wastewater project in this work package is the repair to the Brick Arch which runs below Brougham Street. Project was 99% complete in February, with final handover and heritage report to be completed in March. On completion of this final project in the work package it is forecast that there will be a remaining contingency of approximately \$253k.
- Wastewater Betterment project – the raising of 3 pump stations – installation of all 3 to be completed in March with offsite manufacture of the fourth pump station.
- Stormwater Betterment project – Coates Street. Contractor to complete pricing the approved soakage design. Letters to residents.
- Westport Port Repairs – RFT on GETS platform. Site visit/inspection for interested suppliers 1 March. Extension granted for tender submission to 5 April.

3.2 IAF Projects

- Design for water main extension on track for completion in March.
- Design for wastewater pressure main now contracted.
- Combined stormwater and transport RFP for design consultants being prepared for release to market in late February.
- Kainga Ora had expressed concern about Executive staff turnover at BDC and their ongoing commitment to deliver the IAF Programme. PIP Chair reiterated council's commitment to IAF delivery and instructed the Programme Manager to explore getting the construction funding condition amended so delivery pace can be increased.

3.3 Better Off Funded Projects

- All additional projects (reallocated funding) submitted to DIA and approved, except Ngakawau swimming pool which was awaiting quotes – submitted on 12 February (approved 21 March)
- 6 monthly reports submitted to DIA first week February (approved in March)
- Claim of \$347,864 approved by DIA. Further claims to be submitted.
- All projects are on track with no issues to report.

4. CONSIDERATIONS

4.1 Strategic Alignment

Not relevant to this report

4.2 Significance Assessment

Not relevant to this report

4.3 Tangata Whenua Considerations

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

4.4 Risk Management Implications

All projects/initiatives carry a low-risk threshold for Council and a full risk register for each project is completed.

4.5 Policy Framework Implications

Council must comply with the relevant policy and legal requirements of the “Better Off” funding agreement, including the Water Services Act 2021, Health Act 1956, the Health and Safety at Work Act 2015, the Resource Management Act 1991, Local Government Act 2002 and Council’s own Procurement Policies and Delivery Guidelines.

4.6 Legal Implications

No legal implications are foreseen.

4.7 Financial / Budget Implications

All eligible costs for these projects are funded through NEMA and DIA funding agreements.

4.8 Media/Publicity

Publicity is expected across these projects through the delivery phases.

4.9 Consultation Considerations

The team will work to ensure affected parties and stakeholders will be included and consulted throughout the programme delivery process.

Project Status Report – NEMA Projects overview – February 2024



Programme/Project Details

Location and Region:	Buller District
Contracted Amount:	\$17.1 million of which \$10.6 million is for 'out of policy' repairs. Eligible infrastructure repairs are covered under the normal policy of 60% Govt/40% Council. Cabinet approved 'out of policy' for Betterment projects, Dredging and the 40% Council share. BDC share is the threshold payments for each event and any insurance claim deductions.
Reporting Period:	February 2024 (Financials to 31 January 2024)
Project Principal:	Buller District Council (BDC)
Project Partner(s):	NEMA
Programme Manager:	Penny Bicknell
Programme Outcomes:	<p>Flood Recovery Infrastructure repairs relating to the July 2021 and February 2022 weather events. The Programme of Works covers Infrastructure repairs approved by Cabinet for Tranche 2 in June 2022.</p> <p>The Programme of works includes the following work packages (WP):</p> <ul style="list-style-type: none"> • WP 1-5: 3 Waters repairs (completed) • WP 6 Betterment Projects (out of policy) • WP 7 Westport Port Repairs • WP 8 Westport Dredging Project (out of policy) • WP 9 Inangahua River Projects <ul style="list-style-type: none"> ○ Reefton Historic Landfill (completed) ○ Reefton Stopbank repairs (completed) • WP 10 Tiphead repairs (completed) • Programme Manager

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

Aspect	Status	Comments
Overall:	A	<ul style="list-style-type: none"> Overall, the programme is progressing well. Wharf repairs are behind schedule due to implementing a Peer review requested by NEMA. 4 Betterment projects are behind schedule but will be completed by the end of the financial year
Budget:	G	<ul style="list-style-type: none"> \$17,144,191
Scope:	A	<ul style="list-style-type: none"> Await tender for Port to understand whether any rescoping required
Resource:	G	<ul style="list-style-type: none"> Resource assigned to each project as required
Schedule:	A	<ul style="list-style-type: none"> Schedule for each project - see page 4. Currently all scheduled to be completed by the end of the financial year except for the Wharf Repair
Risks / Issues:	G	<ul style="list-style-type: none"> All programmes have a Risk and Issues matrix. Risk of Wharf repair project not being completed in this financial year will require Ministerial approval to extend the funding. This has been requested.

State of Play	
Last Month (February)	Next Month (March)
<ul style="list-style-type: none"> • WP1-5 One final project to complete – Brougham Street Brick Arch – Physical construction works commenced early December and are 99% complete • WP6 Betterment: <ul style="list-style-type: none"> ○ WW Pump stations – Off site construction of steel structures completed. Design underway for 4th pump station ○ WWTP Grit & Sediment - ordered long lead time items from Brick House Technologies. Completion of NEMA budget subject to payment plan. Future work out of IAF budget ○ Alt Drinking Water options – Final report and options for testing ○ Coates Street – WRS� pricing soak away design • WP7 Westport Port Repairs. <ul style="list-style-type: none"> ○ RFT released on GETS platform. Strong initial interest and complimentary feedback from stakeholders. Building consent Exemption application lodged 	<ul style="list-style-type: none"> • Final completion and close out to be completed including a final heritage report from Heritage Properties NZ as part of mandated process for structures over 100 years of age. • All other projects in WP 1-5 are complete and all assets transferred back to the asset owner. • WP6 Betterment: <ul style="list-style-type: none"> ○ Pump stations – Install and complete 3 cabinets. Off site manufacture of 4th. ○ WWTP Grit & Sediment - Monitoring production and payment plan ○ Alt drinking water options – Ground penetrating radar on western bank of Buller River to inform bore field investigation ○ Coates Street – Contractor to complete pricing soakage design. Letters to residents to be sent out plus media release • Site visit/inspection for interested suppliers 1 March. Respond to any supplier questions and finalise evaluation panel arrangements. Tender timetable increased by 1 week at supplier requests to 5 April.

Project Schedule

NEMA T2 Project Schedule																																
Project	2022						2023												2024						Comments							
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun								
WP 1-5 3 Waters	Construction continued from emergency repair works																															Final project to be completed - Brougham St. Brick Arch - March 2024
WP 6 Betterment Projects						Planning and Design	Construction																			4 projects completed, 3 projects to be completed end March 2024, 1 project jointly funded with IAF project complete by end June 2024						
WP7 Westport Wharf				Planning and Design																						Current indication of completion December 2024, but final date will not be known until procurement completed						
WP8 Dredging						Dredging commenced																				Schedule to May 24						
WP9 - Reefton Stopbank	River training						River training																			Project Complete						
WP 9 Reefton Landfill			Planning and Design				Construction												River training							Project Complete						
WP10 Tiphead Revetment				Planning and Design			Construction																			Project Complete						

Financials (31 January 2024)

Budget and Expenditure Summary.

NEMA Tranche 2 Programme For Period 2023/24- January							
	CURRENT BUDGET (Total)	TOTAL COST TO DATE	TOTAL REVENUE TO DATE	Claims	FORECAST COST TO COMPLETE	FORECAST AT COMPLETION	PROJECT VARIANCE
WP1-5 3 Waters Repairs	0	2,217,940	(1,874,170)	343,770	(687,540)	0	0
Expenses	2,511,751	2,217,940	0	0	293,811	2,511,751	0
Revenue	(2,511,751)	0	(1,874,170)	343,770	(981,351)	(2,511,751)	0
WP6 3W Betterment Projects	0	646,314	(605,652)	40,662	(81,323)	0	0
Expenses	1,582,000	646,314			935,686	1,582,000	0
Revenue	(1,582,000)		(605,652)	40,662	(1,017,009)	(1,582,000)	0
WP7 Westport Port Repairs	0	303,576	(264,755)	38,821	(77,643)	0	0
Expenses	5,920,000	303,576			5,616,424	5,920,000	0
Revenue	(5,920,000)		(264,755)	38,821	(5,694,066)	(5,920,000)	0
WP8 Westport Dredging Project	0	2,740,500	(2,740,500)	0	0	0	0
Expenses	4,716,000	2,740,500			1,975,500	4,716,000	0
Revenue	(4,716,000)		(2,740,500)	0	(1,975,500)	(4,716,000)	0
WP9 Inangahua Landfill	0	938,321	(894,217)	44,105	(88,209)	0	0
Expenses	1,074,000	938,321			135,679	938,321	135,679
Revenue	(1,074,000)		(894,217)	44,105	(223,888)	(938,321)	(135,679)
WP9 Inangahua Camp Ground	0	59,238	(59,859)	(620)	0	0	0
Expenses	150,000	59,238			0	59,238	90,762
Revenue	(150,000)		(59,859)	(620)	0	(59,238)	(90,762)
WP10 Tiphead Repairs	0	759,419	(707,603)	51,816	(27,355)	0	0
Expenses	1,000,000	759,419			0	759,419	240,581
Revenue	(1,000,000)		(707,603)	51,816	(27,355)	(759,419)	(240,581)
Programme Management	0	135,773	(84,542)	51,231	(102,462)	0	0
Expenses	190,440	135,773			54,667	190,440	0
Revenue	(190,440)		(84,542)	51,231	(157,129)	(190,440)	0
TOTAL							
Expenses	17,144,191	7,801,082		0	9,011,766	16,677,169	467,922
Revenue	(17,144,191)		(7,231,298)	569,784	(10,076,298)	(16,677,169)	(467,022)
Deductions	0				0		
Total	0	7,801,082	(7,231,298)	569,784	(1,064,533)	0	0

Claims to NEMA

	Costs	Threshold	on Hold	Ineligible	Invoiced	Paid	Paid from \$1mil advance
Pre Tranche 2 (60%)	457,843.15	- 173,850.00	-	-	-	-	283,993.15
Claim 1	957,121	- 174,914			782,207	782,207	-
Claim 2 (40%)	441,549				179,231	179,231	262,317.83
Claim 3	632,903		- 91,028	- 4,297	537,578	537,578	-
Claim 4	1,104,415		- 18,088	- 1,354	1,084,973	1,084,973	-
Claim 5	730,721				730,721	730,721	-
Claim 6	55,405				55,405	55,405	-
Claim 7	938,899		24,009*		962,908	962,908	-
Claim 8	661,351		- 13,495	- 285	647,571	647,571	-
Claim 9	578,430		- 4,028		574,402	574,402	-
Claim 10	590,520		- 32,499		558,021	558,021	-
Claim 11	587,976		- 17,706	-	570,271	570,271	-
Claim 12	191,734		-		191,734	191,734	-
Claim 13	109,185				109,185	109,185	
To claim	220,872		-	-	-	-	-
	7,801,082	- 348,764	- 152,834	- 5,936	6,984,208	6,984,208	262,318

NEMA T2 Programme Surplus Report	Budget	Final Cost	Surplus	40%
Completed Project				
Tiphead (final report July 2023)	\$ 1,000,000	\$ 759,419	\$ 240,581	\$ 96,232
Reefton Campground (financial report updated September 2023)	\$ 150,000	\$ 59,238	\$ 90,762	\$ 36,305
Reefton Landfill (financial report January 2024)	\$ 1,074,000	\$ 938,321	\$ 135,679	\$ 54,272
Total surplus available for recommendation for reappropriation to another T2 project				\$ 186,809

Communications

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

A media release is planned for the completion of WP1-5 \$2.5m programme at completion of Brougham Street Brick Arch and for the Coates Street Stormwater work, including letters to affected residents

Project Status Report – Better Off Funding Projects overview – February 2024



Programme/Project Details

Location and Region:	Buller District
Contracted Amount:	\$3,500,000
Reporting Period:	February 2024 (January 2023 financials)
Project Principal:	Buller District Council (BDC)
Project Partner(s):	DIA (Crown Infrastructure)
Programme Manager:	Penny Bicknell
Programme Outcomes:	The scope is made up of 13 projects. 12 are approved by DIA that meet the funding criteria and demonstrate wellbeing outcomes. One project still to be approved by DIA – submitted in February 2024

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	<p>The Programme of works includes the following approved projects:</p> <ul style="list-style-type: none"> • Three Waters projects • Reefton Wastewater/Stormwater modelling • Climate Change Adaptation and Master Planning • Community Hub Feasibility Study and Concept Designs • Civil Defence Procurement • Airport Relocation options study • Karamea Reserve Water Supply • Westport Emergency Water supply • Reefton Campground Accommodation • Westport Stormwater/wastewater work • Test bore and sampling for non-compliant water supplies - Little Wanganui and Mokihinui • Granity Fundraising Centre • Ngakawau Swimming Pool improvements (submitted to DIA on 12 February)
Resource:	G	Resource to be assigned to each project as required
Schedule:	G	Schedule for each project 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 (February)	Next Month (March)
<ul style="list-style-type: none"> • Applications to DIA – 5 of the additional 6 projects approved. Ngakawau swimming pool – received final quotes and submitted to DIA for approval on Feb 12. Awaiting further information from DIA on Community based projects v. water infrastructure • 6 monthly reports approved by DIA • 3 Waters – preliminary engineering design and access requirements progressing on 2 of the 5 bundles. Henley St stormwater main outfall upgrades in market for pricing. Construction of WaStops continuing • Reefton modelling – RFP to consultants to price from an approved consultants list – being passed to new Project Manager to manage. • Climate Change Adaptation – Focus on data collection for Risk Explorer • Master Planning - Stage 1 – Vision – project - Isthmus continuing to progress • Community Hub Feasibility Study - Finalise feasibility study document for release • Civil Defence – Bulk of procurement complete • Airport Relocation Options study - Report completed • Karamea Reserve Water – Final report uploaded to DIA portal • Westport Critical Water supply – Water pump, hoses and pipes ordered and quote from WestReef for 5 locations • Reefton Campground cabins - Received legal advice from FVM . Confirmed proposed location is available. Met BDC Building Inspector to clarify floor level requirements. Continued discussions with potential external funders for construction. 	<ul style="list-style-type: none"> • Claims to be submitted. • Liaise with DIA for updates on Government directives. • 3 Waters – Complete construction on Westport stormwater WaStops bundle. Evaluate pricing on Henley St. Inangahua project preliminary designs progressing to stakeholder inputs (NZTA).Final scoping for other 2 Westport stormwater upgrade bundles. • Reefton modelling and report to commence. • Negotiating a 3-way budget with WCRC and BDC BAU for ground water investigations stage 2 with Aqualinc • Vision workshop to be held early April. • Submit feasibility study report to March Council meeting as FYI. Form Charitable trust to continue the Community Hub work in seeking funding. Develop project plan for the additional \$50k concept funding. • Balance of funds to be committed early 2024. • Resubmit report to SLT. • Final report approved by DIA. • Westport Critical Water supply – awaiting 2 landowner consents for tank placement. Finalising schedule for installation by 31 March. Comms plan to inform community. • Reefton Campground cabins – Arrange formal letter from Reefton Reserve Subcommittee for proposed location. Update camp plan. Confirm soakage tests and implications to site design. To comply with section 44 of the Reserves Act, Council will need to pass a resolution that the Site is part of the Reefton Recreation Reserve. It is recommended that Council seeks community views on this resolution and on the proposal to erect the cabins on the site. Arrange Council resolution and public consultation process. Continue external funders discussion.

- Test bore and sampling for non-compliant water supplies - Little Wanganui and Mokihinui – sampling of existent bores & landowner discussion re using road reserve (currently occupied by farmland)
- Westport Wastewater/Stormwater separation work - planning phase

- Bores to be drilled dependent on drill availability and then sampling.
- Quote from WestReef for tranche 1. Work expected to begin in April

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	Jul	Comments
3 Waters																			Construction to commence Oct 2023 and be complete by July 2024
Reefton WW/SW modelling																			Completion date to be confirmed
Climate Change Adaptation																			Ongoing – linked to other funding
Master planning																			Final workshops early April 2024
Community Hub feasibility study																			Feasibility study completed. Project plan to be developed for concept design \$50k
Civil Defence																			Complete early 2024
Airport relocations options study																			Study completed - send to SLT
Karamea Reserve Water																			Completed – final report to DIA
Westport critical Water Supply																			Site location and installation, comms plan
Reefton Campground																			Legal and consenting advice
Westport Stormwater/Wastewater																			Quote for Tranche 1, with work to commence in April
Test Bores & Sampling																			Drilling in Feb and testing March/April

Financials (31 January 2024)						
Budget and Expenditure Summary.						
Project	Budget	Actual Cost to date	Claim submitted	Forecast		
				Revenue to date	Cost to complete	To claim
3 Waters	\$1,095,000	\$ 146,807	\$ 21,525	\$ 5,000	\$ 948,193	\$ 120,282
Programme Management	\$ 165,000	\$ 126,152	\$ 99,826	\$ -	\$ 38,848	\$ 26,326
Reefton Wastewater modelling	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000	\$ -
Climate Change adaptation	\$ 250,000	\$ 230,000	\$ 100,000	\$ 130,000	\$ 20,000	\$ -
Master planning	\$ 250,000	\$ 167,088	\$ 77,737	\$ -	\$ 82,912	\$ 89,351
Community Hub Feasibility*	\$ 200,000	\$ 143,579	\$ 38,106	\$ 76,257	\$ 56,421	\$ 29,216
Civil Defence	\$ 275,000	\$ 248,540		\$ 275,000	\$ 26,460	
Airport Relocation options study	\$ 50,000	\$ 29,358	\$ -	\$ -	\$ 20,642	\$ 29,358
Karamea Reserve Water	\$ 65,000	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ -
Westport Critical Water*	\$ 180,000	\$ 70,856	\$ -	\$ 60,876	\$ 109,144	\$ 9,980
Reefton Campground	\$ 300,000	\$ 24,161	\$ 10,670	\$ -	\$ 275,839	\$ 13,491
Ngakawau Swimming Pool	\$ 310,000	\$ -	\$ -	\$ -	\$ 310,000	\$ -
Granity Fund raising centre	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000	\$ -
Stormwater/Wastewater	\$ 135,000	\$ -	\$ -	\$ -	\$ 135,000	\$ -
Bore water tests	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000	\$ -
Total	\$3,500,000	\$1,251,541	\$ 347,864	\$ 612,133	\$2,248,459	\$ 318,004
			approved			

N.B. Civil Defence \$275k is fully drawn down from the original 10% advance of funding

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. Better off Funding Tranche 2 funding has been withdrawn by Government.

Westport News reported on the additional funding available of \$950k from the Westport Wastewater/stormwater smoke testing project and Waimangaroa water project discontinuation.

Westport News reported on the allocation of \$300k to Reefton Campground Accommodation


Westport News reported on the Council workshop in September and the outcome of the Council meeting for the unallocated funding of \$650k

Cultural Community Hub working group met with Westport News Reporter in November to ensure correct facts are in the public domain

Westport News reported on DIA directive of expenditure on water infrastructure rather than Community projects.

BULLER DISTRICT COUNCIL - Commercial infrastructure - Infrastructure Strategy - IAF - Stage 2 Pre-Implementation

Programme/Project Details

Location and Region:	Alma Road Westport	
Project Budget:	\$1,300,500	
Reporting Period (ending):	March-2024	
Financial Period End	February-2024	
Project Principal:	Buller District Council	
Project Partner(s):	Kainga Ora	
Project Manager:	Steve Garner	
Programme Outcomes:	The IAF stage 1&2 programme will manage the procurement and delivery of detailed design for the Transport, Water Supply & Wastewater and Stormwater IAF projects. The programme will deliver detailed designs for each project by December 2024.	

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

Aspect	Status	Comments
Overall:	G	Delivery Plan executed December 2023
Budget:	G	Budget approved, first claim lodged to recover cost to date excluding BDC contribution
Scope:	G	Scope agreed
Resource:	G	No issues
Schedule:	G	Revised schedule agreed
Risks / Issues:	G	No new risks or issues

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
Water main extension now complete. Wastewater preliminary design commenced. Wastewater treatment plant design 60% complete. NEMA funding used to purchase long lead equipment. Procurement RFP for Transport and Stormwater design approved and in market. Closed tender closes 5 April. Meet Alma and McPadden Road residents to discuss IAF and capture questions and issues with Programme team	Evaluate Transport and Stormwater design proposals and appoint lead designer. Progress wastewater treatment plant design. Complete preliminary design of low pressure sewer main. BDC invited to submit on prioritising the residential zone change at Alma Road and putting the rest of the changes on hold pending the outcome of the Master Planning.

Updated Project Road Map/Schedule														
Project task	2024												Comments	
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec		
Planning and BDC Approvals	█													Budget and PMO documents approved
Design contracting	█	█	█											
Design		█	█	█	█	█	█	█	█	█	█	█		Water main design complete, Wastewater design commenced, WWTP design due for completion in May, Transport RFP in market.
Asset Manager accepts designs											█	█		
Construction tender documents complete												█		
Handover and Asset Manager Acceptance												█		

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Sponsor approves PMO documents	24-Jan-24	31-Jan-24	100%	
Programme procurement plan approved by sponsor	24-Jan-24	31-Jan-24	100%	
Programme budget approved by sponsor	24-Jan-24	31-Jan-24	100%	
Water Main detailed design	31-Mar-24	31-Mar-24	100%	
Cycleway preliminary design	30-Jun-24	30-Jun-24	0%	
Cycleway detailed design	1-Nov-24	1-Nov-24	0%	
Road and bridge preliminary design	1-Jul-24	1-Jul-24	0%	
Road and bridge detailed design	4-Nov-24	4-Nov-24	0%	
Stormwater detailed design	4-Nov-24	4-Nov-24	0%	
Wastewater stage 1 preliminary design	31-Jul-24	31-Jul-24	20%	
Wastewater stage 1 detailed design	31-Oct-24	31-Oct-24	0%	
Wastewater treatment plant detailed design	31-Mar-24	31-May-24	80%	

Financials									
Budget and expenditure summary									
Programme/Project Item	Approved Original Budget	Current Budget	Cost to Date (CTD)	Forecast Cost to Complete (FCC)	Final Forecast Cost (FFC)	FFC to Current Budget Variance	Reported Contingency	Status	Commentary
Transport -Pedestrian Cycleway - 10253	\$ 131,437	\$ 132,047	\$ 20,333	\$ 103,547	\$ 123,881	\$ 8,167	\$ 8,167	Design Procurement	0
Transport-Intersection upgrade - 10254	\$ 262,866	\$ 262,256	\$ 40,384	\$ 210,503	\$ 250,887	\$ 11,369	\$ 11,369	Design Procurement	0
WWTP Upgrade - 10257	\$ 142,500	\$ 130,439	\$ 61,488	\$ 67,500	\$ 128,988	\$ 1,451	\$ 1,451	In Design	0
WW Pressure Lines - 10258	\$ 247,000	\$ 259,061	\$ 30,892	\$ 171,509	\$ 202,401	\$ 56,660	\$ 56,660	In Design	0
Water Supply - Watermain Ext - 10261	\$ 64,550	\$ 64,550	\$ 53,068	\$ 6,040	\$ 59,108	\$ 5,442	\$ 5,442	In Design	0
Stormwater - 10259	\$ 81,599	\$ 81,599	\$ 35,312	\$ 43,413	\$ 78,725	\$ 2,874	\$ 2,874	design procurement	0
IAF Programme Management - 10252	\$ 370,548	\$ 370,548	\$ 219,082	\$ 140,000	\$ 359,082	\$ 11,466	\$ 11,466	design procurement	0
-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	0
Total	\$ 1,300,500	\$ 1,300,500	\$ 460,560	\$ 742,512	\$ 1,203,072	\$ 97,428	\$ 97,429		

Note that the budget above includes BDC contribution of \$200,468

Note: FCC and FFC exclude contingency

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
IAF - Stage 2 Pre-Implementation / 2 - final design to final budget	Negotiated a revision to funding condition so BDC is not liable it WK do not contribute	3
IAF - Stage 2 Pre-Implementation / 3 - Safety design exacerbates queue time at Alma Road/SH	Discuss proposed solutions with community before making option decisions	2
IAF - Stage 2 Pre-Implementation / 5 - Unidentified network utilities need to be relocated adding	Service location during design	2
IAF - Stage 2 Pre-Implementation / 6 - Unclear consent requirements	Identify consent requirements during detailed design process	3
0 - Pipe order size too small for manufacturer to run meaning potential time delays while pipe	Negotiate earlier access to construction funding	3
IAF - Stage 2 Pre-Implementation / 9 - BDC preferred option pass costs onto residents	include in community consultation with developers	6
IAF - Stage 2 Pre-Implementation / 10 - higher design costs	Procurement approach	3

Communications

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

planned for February 2024

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)	Almost certain (5)
		Likelihood				

Projects in Partnership Meeting – Minutes
Monday 12 February 2024, 4.00 pm to 5.00 pm,
4.00 – 5.00 pm, Clocktower Chambers and via Zoom

Present:

- Chairperson and Mayor Jamie Cleine (JC); Councillor Phil Grafton (PG); BDC CEO Steve Gibling (SG); Minute Taker Kirstin McKee
- Attending via Zoom; BDC Group Manager Infrastructure Services Mike Duff (MD); NEMA Suzy Paisley (SP); Ngāti Waewae Ned Tauwhare (NT), BDC Programme Manager - Recovery Penny Bicknell (PB); BDC Contractor Steve Garner (SGa); BDC CFO Douglas Marshall (DM);
- Apologies; Kainga Ora Suresh Ram (SR):

1. Welcome and Introduction

Meeting started at 4.02 pm.

2. Previous Meeting Minutes

S Paisley requested to add the word **“some”** into the fourth paragraph on page 4 of the agenda. “... and this is likely to reduce the risk of **some** flooding.”

Minutes accepted as tabled with this correction.

Minutes accepted as tabled

3. NEMA Tranche 2 Funding**NEMA financials**

P Bicknell spoke to the report noting:

- Reefton Landfill – project variance column – Not yet closed off but is completed, a \$136,679 surplus here which will show in Surplus Report.
- Tiphead Repairs. Completed in March 2023, still a claim number there which will be retentions, retentions stay in claims column until they are claimed (in March).
- Note - Claims at bottom of page, can now see the total revenue that has been paid out at \$7,145,915.

NEMA T2 Programme Surplus Report

Reefton Landfill has been added, total now \$187,209.

3 Waters report is being finalised, likely to have an additional \$98K, which will bring the surplus report to \$286K to potentially reallocate.

4. NEMA FUNDED PROJECTS

P Bicknell spoke to the reports:

Work package 1-5 - 3 Waters repairs

3 Waters – completed.

Brougham Street Brick Arch - completed end of January. Now at close out period and handing back to the asset owners, with a \$247K surplus (40% of \$247 = \$98.7K).

Betterment Projects - STORMWATER & DRAINAGE

4 projects still be completed

- **Grit Screen Replacement** - Wastewater Treatment Plant– extraordinary meeting held on 23 January, long lead time parts were ordered last week.
- **Coates Street Stormwater** - soak aways – awaiting final cost and timeframe from WestReef. Will undertake community engagement to ensure residents are aware what is happening, when and what they can expect from work to be undertaken.
- **Pump Stations** – now onto 4th pump station, just under \$78K left in contingency for pump stations. Fourth station has been costed at \$107K, BDC BAU have found the extra \$29K towards this, work now underway.
- **Alternative Drinking Water** - waiting for Davis Ogilvie to provide costs on water testing.
- **WaStops** – completed.

M Duff – wanted to offer thanks to the programme team for the works that have been completed, a real achievement and important to recognise this work that has occurred under somewhat difficult circumstances.

J Cleine commented it is important to keep the community informed and take the opportunity to provide positive media around the projects as they are completed.

P Bicknell – has requested the BDC Comms team and project manager to meet and are working on the Brick Arch and milestone completing the \$2.5M NEMA project. Comms out by the end of February, including the Reefton Landfill.

Dredge (verbal update)

P Bicknell spoke in D Marshall’s absence. They are currently dredging and will review in March once the wharf pricing figures have been received.

Wharf Repair

P Rossiter has sent through procurement document today for review by P Bicknell and D Marshall. This will go to market next Tuesday (19 Feb). All going to plan, will know in March, what the pricing comes in at.

The reports were accepted as tabled

S Paisley commented that NEMA would like copies of any media releases sent out as would like to share good news stories with NEMA also.

S Paisley left the meeting at 4.14 pm.

5. BOF FUNDING - DIA

P Bicknell spoke to the report – all projects are now approved. The Granity project was approved at end of last month. DIA approved the claims submitted in December 2023 \$347,864, now pending payment.

Working through six monthly reports which are due next week.

3 Waters – preliminary engineering design is being worked through,

WaStops - construction commenced in December which was tendered and awarded.

Reefton Modelling (stormwater) - project has stalled, follow up with who the project manager is to get this project up and running. Completion date was to be by end of February.

Climate change adaptation – as per report. Discussion had with D Rossiter for next round of community engagement, with suggestion that they focus more on data collection and any budget should be used on this to ensure robust data is provided.

Master Planning – Isthmus are working through plans of what a workshop might look like in early April. Follow up re any submissions from Councillors.

Community hub feasibility study - finalising final report, then start looking at the scope work for concept design, also looking for funding from Buller Resilience Trust to make up shortfall for this design work. The \$150K feasibility piece of work is complete. The new \$50K is for concept design which has not begun.

Civil Defence – procurement is completed, \$30K left in budget which J Lenon is reviewing.

Airport Relocation Options Study – completed end of last year, will be uploaded through 6 monthly report process. This report was with Senior Leadership Team last October, P Bicknell to send back through to SLT, note for this information to be provided to Councillors.

Karamea Reserve Water – completed – 6 monthly report sent to DIA last November, to be reviewed in March.

Westport Critical Water Supply – back with Infrastructure Services team for finalising tank location sites and landowner agreements.

Reefton Campground Cabins – next stage of detailed design is being contracted and all of the investigation services and consenting advice is being sought. Discussion re appetite for further funding. The project has had \$300K to take through the planning work and civil work for the infrastructure, however will require further funding for the cabins. P Bicknell to follow up and come back to J Cleine.

Little Wanganui & Mokihinui – as per report. Discussion re test bores – exploring likelihood of a source of suitable quality and quantity of water.

Westport Stormwater/wastewater – now in planning phase, this was approved in December.

Ngakawau Swimming Pool – quotes are in from community over weekend. Application submitted to Crown Infrastructure/DIA today. Also finalising the funding agreement with the Ngakawau Community Team.

Finances – now \$153,817 to claim, once the 6 monthly reports are complete, can then put in some claims (6 – 8 weeks for approval).

The report was accepted as tabled

6. IAF Funded projects **Public Excluded**

7. Other business

D Marshall – arrived at meeting 4.30 pm.

Further Dredge Verbal Update **Public Excluded**

Information noted

Public Excluded Finished

No other matters were raised.

The meeting closed at 4.46 pm.

PUBLIC EXCLUDED

Projects in Partnership Meeting – Minutes
Monday 12 February 2024, 4.00 pm to 5.00 pm,
4.00 – 5.00 pm, Clocktower Chambers and via Zoom

Present:

- Chairperson and Mayor Jamie Cleine (JC); Councillor Phil Grafton (PG); BDC CEO Steve Gibling (SG); Minute Taker Kirstin McKee
- Attending via Zoom; BDC Group Manager Infrastructure Services Mike Duff (MD); NEMA Suzy Paisley (SP); Ngāti Waewae Ned Tauwhare (NT), BDC Programme Manager - Recovery Penny Bicknell (PB); BDC Contractor Steve Garner (SGa); BDC CFO Douglas Marshall (DM) (arrived toward end of meeting) ;
- Apologies; Kainga Ora Suresh Ram (SR):

6. IAF Funded projects Public Excluded

S Garner discussed his report that was taken as read. RE the risk slide (see attached), S Garner provided the context for the Risk slide being Kainga Ora's concern about the turnover of staff at the Executive level at BDC undermining the commitment of BDC to deliver IAF. The committee reaffirmed Council's commitment to deliver the IAF and asked the Programme Manger to approach Kainga Ora with a view to exploring amending the construction funding condition to allow BDC to start construction earlier than is currently possible.

7. Other business

D Marshall – arrived at meeting 4.30 pm.

Dredge Verbal Update Public Excluded

D Marshall added to P Bicknell's earlier comment above re dredge update; Currently double crewing the dredge to get through Westport work by May. Exploring a 5-year contract with Nelson and looking at a report to Council late February on the future life of the dredge, as Port Taranaki is also interested in exploring future options.

Information noted

Public Excluded Finished

RISK AND AUDIT COMMITTEE

17 APRIL 2024

AGENDA ITEM: 15

Prepared by Douglas Marshall
Chief Financial Officer

PUBLIC EXCLUDED

1. REPORT SUMMARY

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

2. DRAFT RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

Item No.	Minutes/ Report of:	General Subject	Reason For Passing Resolution under LGOIMA
PE 1	Douglas Marshall - Chief Financial Officer	Confirmation of Previous Public Excluded Minutes	(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.