

**Committee Members**

Cr Debra Magner (Chair)  
Cr Stuart Challenger  
Cr Brett Cummings  
Cr Laura Coll McLaughlin  
Cr John Hill  
Cr Allan Birchfield  
Cr Peter Ewen

Heather Mabin (CEO)



**PUBLIC COPY**

**Meeting of the Risk & Assurance Committee**  
*(Te Huinga Tu)*

**Thursday, 28 July 2022**

**West Coast Regional Council Chambers, 388 Main South Road, Greymouth**  
**and**

**Live Streamed via Council's Facebook Page:**

**<https://www.facebook.com/WestCoastRegionalCouncil>**

**Commencing at 10.30 a.m.**

# **RISK & ASSURANCE COMMITTEE MEETING**

# RISK & ASSURANCE COMMITTEE

## A G E N D A *(Rarangī Take)*

1. Welcome (*Haere mai*)
2. Apologies (*Ngā pa pouri*)
3. Declarations of Interest
4. Confirmation of Minutes (*Whakau korero*) - Risk & Assurance Committee meeting 24 May 2022

### **Matters Arising**

5. Notification of Extraordinary and Urgent Business (*He Panui Autaia hei Totoia Pakihi*)
6. Questions (*Patai*)
7. Chairperson's Report – Verbal Update (*Nga Purongo-a-Tumuaki me nga Kaunihera*)

### **8. Reports**

- 8.1 Risk Register
- 8.2 Quarterly Financial Report
- 8.3 Investment portfolio
- 8.4 LGFA Statement of Intent
- 8.5 Annual Gifts Report
- 8.6 Quarterly Performance Report
- 8.7 Quarterly LGOIMA Report
- 8.8 IT Progress and Budget

### **9 General Business**

### **10 Public Excluded Business (*He hui Pakihi e hara mo te iwi*)**

- 10.1 Confirmation of Confidential Minutes - RAC meeting 24 May 2022
- 10.2 Health & Safety Report
- 10.3 Health & Safety at Work Roles and Duties
- 10.4 Contract Matters
- 10.5 Consultants
- 10.6 Working Capital Report
- 10.7 Regional Software Holdings Limited – Potential Deemed Dividend
- 10.8 IRIS NextGen Programme
- 10.9 EPA Enquiry report

**Purpose of Local Government**

The reports contained in this agenda address the requirements of the Local Government Act 2002 in relation to decision making. Unless otherwise stated, the recommended option promotes the social, economic, environmental and cultural well-being of communities in the present and for the future.

**Health and Safety Emergency Procedure**

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Please note that due to Covid restrictions there are limits to the number of people permitted within the Council Chambers.



THE WEST COAST REGIONAL COUNCIL

**MINUTES OF THE MEETING OF THE RISK & ASSURANCE COMMITTEE,  
HELD ON 24 MAY 2022 AT THE OFFICES OF THE WEST COAST REGIONAL COUNCIL,  
388 MAIN SOUTH ROAD, GREYMOUTH, COMMENCING 10.38 AM**

**PRESENT:**

D. Magner (Chairperson), A. Birchfield, S Challenger, J. Hill, P. Ewen, B. Cummings, L. Coll McLaughlin.

**IN ATTENDANCE:**

H. Mabin (Chief Executive), N Costley (Strategy & Communications Manager) via zoom, Daniel Jackson (IT Manager) via zoom, Marc Ferguson (Corporate Services Manager), Neil Selman (consultant) via zoom, Rachel Vaughan (Acting Planning and Resource Science Manager) via zoom, R Vaughan (from 2:30pm).

Also in attendance: Tom Philips and Bruce Robertson, JB Were.

**1. WELCOME**

Cr Magner welcomed everyone to the meeting.

**2. APOLOGIES**

There were no apologies.

**3. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**4. MINUTES**

The Chair asked the meeting if there were any changes to the minutes of the previous meeting.

**Moved** (Coll McLaughlin /Challenger)

*That the minutes of the meeting held on 10 February 2022 be confirmed as correct.*

*Carried*

**Matters Arising**

Cr Coll McLaughlin asked for a workshop or paper on what works can be claimed during a CDEM event, and how the costs system works. Cr Coll McLaughlin asked about the Wanganui River and the NEMA claim. H Mabin updated the Committee that Brendon Russ had been contracted back to Council to complete that claim and he had met with NEMA last week. R Vaughan also attended. H Mabin said that Rob Rouse clarified what costs could and couldn't be claimed, it had to be like for like in terms of assets that Council owned, and Council had to prove

that they were damaged during the event. H Mabin thought that approximately \$300,000 had been spent during the February event, and advised that B Russ was now doing the claim. She said that the final detail and outcome would be reported back to the Committee.

H Mabin also advised the Committee that P Birchfield was working with NEMA on works at Karamea and a possible claim for those.

## **5. NOTIFICATION OF EXTRAORDINARY AND URGENT BUSINESS**

There was none.

## **6. QUESTIONS**

There were no questions.

## **7. CHAIRPERSON'S REPORT (VERBAL)**

Chair Magner advised that she had not had any formal meetings in her role as Committee Chair since the last meeting.

**Moved** (Coll McLaughlin/Challenger) *That this report is received.*

*Carried*

## **8. REPORTS**

### **8.1 ANNUAL REPORT 2020/21**

H Mabin advised that Neil Selman, Council's consultant, would speak to this report. Audit Manager from Audit NZ Chantelle Gernetzky joined the meeting via zoom to speak to the Committee. N Selman took his report as read, and noted the delays with the Annual Report as being due to resourcing constraints at Audit NZ. He said there had been a number of changes to the Annual Report as a result of the audit process since Council had last seen the draft in October, although it was not substantively different.

Cr Coll McLaughlin asked for clarification on commercial property rental and why nothing was budgeted for it. N Selman responded that disclosures for matters such as this are now being undertaken, but if she had specific questions then Cr Coll McLaughlin could email him directly for a response. Cr Coll McLaughlin said she would do this.

H Mabin advised that the Annual Report with the auditor's report included will be tabled at the June Council meeting, for adoption.

The Chair asked whether C Gernetzky had any comments. C Gernetzky said the audit opinion included a paragraph about the audit being late, and emphasised that this was not anything to do with the Council but was due to the auditor shortage and Covid. The other paragraph she drew attention to was the qualification around the Council's associate from the prior year, which was a required carry-over from the previous audit qualification. There were no questions. The Chair thanked Ms Gernetzky who left the meeting.

N Selman left the meeting.

**Moved** (Hill / Cummings)

*That the committee receive and note the respective draft reports.*

*Carried*

## **8.2 QUARTERLY FINANCIAL REPORT**

M Ferguson spoke to this report and took it as read. The two main areas for difference from budget were the timing and delay for IRG projects and devaluation of the investment portfolio.

The Chair noted that the variances in Table 2 on page 97 were the wrong way round in the table, which was confusing, and asked if it could be made easier to read. She also asked for commentary on the variances in future reports. M Ferguson noted the feedback.

Cr Coll McLaughlin updated the Committee on matters she had sought responses to from staff. There was some discussion on cash and investments. Cr Birchfield asked about the cost so far for the Te Tai Poutini Combined Plan process and what Council is going to borrow. H Mabin responded that by the end of the year it was going to have cost approximately \$998,000, and Council will be looking at borrowing \$1m. Cr Coll McLaughlin noted that this stage of developing the TTPP was cash-hungry but the cost was projected long term to be within the LTP figures. Cr Birchfield wanted to know what the TTPP would cost in total, to run the process. H Mabin will bring those figures to the June Council meeting.

The Chair noted that some of the budget items had significant variances. H Mabin advised that there was going to be a much better lens on this in future, and PWC had designed a cash prediction model that would take in to account all Council's contracts. H Mabin said that this was an area of focus for her. The Chair noted it would be helpful for the Committee to have a cashflow projection in future and to understand that better. H Mabin advised that the managers would now be undertaking monthly re-forecasting of their predictions.

The Chair asked for the Committee's thoughts on meeting more regularly than four times per year, if they were considering financial information. A workshop on how to manage this better would be held in the next few weeks.

**Moved** (Challenger / Cummings)

*That the Committee receive the balance sheet and financial operating results to 31 March 2022.*

*Carried*

## **8.3 INVESTMENT PORTFOLIO**

H Mabin spoke to her report and took it as read. The Chair invited Tom Phillips and Bruce Robertson to talk to the Committee. Mr Phillips and Mr Robertson took the Committee through a copy of performance results and investment information, and a discussion of the economic environment. The Chair thanked them for their attendance and presentation. Mr Phillips and Mr Robertson left the meeting.

**Moved** (Cummings / Birchfield)

*That the Committee receive the report and note the attachments.*

*Carried*

#### **8.4 QUARTERLY SERVICE PERFORMANCE REPORT**

M Ferguson spoke to this report and took it as read, and invited any questions. Cr Coll McLaughlin asked about the CDEM measures, noting that the lack of local CDEM controllers was not included in the measures. H Mabin said that a KPI for this could be put in to the 2022/23 Annual Plan. Cr Coll McLaughlin felt that everyone should be commended for meeting their targets in the current environment, particularly the consents and compliance team, for achieving their targets.

**Moved** (Birchfield/Cummings)

*That the Committee note the attached Service Performance Measures Report for the quarter to 31 March 2022.*

*Carried*

#### **8.5 LOCAL GOVERNMENT OFFICIAL INFORMATION (LGOIMA) REQUESTS REPORT**

H Mabin spoke to this report which was taken as read.

**Moved** (Challenger / Hill)

*That the committee note the requests received under the Local Government Official Information and Meetings Act 1987.*

*Carried*

#### **8.6 RISK REGISTER**

H Mabin advised the Committee that Philip Jones had provided this update report for tabling, to show progress to date on the risk register.

**Moved** (Cummings / Challenger)

*That the Committee:*

- 1. Receive the risk update report; and*
- 2. note the progress on the development of a risk register.*

*Carried*

#### **8.7 REPORT ON IT PROGRESS AND BUDGET**

D Jackson spoke to this report and took it as read. Cr Cummings asked whether the Authority project costs were ongoing. D Jackson confirmed that they were, and costs are showing as low at this stage because it is based on project delivery costs with final payment to be made in July this year.

**Moved** (Cummings/Ewen)

*That the Committee receive the report.*

*Carried*

## **8.8 NZTA PROCUREMENT STRATEGY**

N Costley spoke to this report and took it as read. This is largely a process matter that the procurement strategy was due to be updated. There were no questions.

**Moved** (Coll McLaughlin/Ewen)

*That the Committee receive the report.*

*Carried*

## **9. GENERAL BUSINESS**

In respect of the earlier LGOIMA report, Cr Birchfield asked whether the SNA maps were on the website. R Vaughan responded that this LGOIMA request was from a national organisation to all Councils, and was in the nature of a general stocktake rather than a particular question about the TTPP. Cr Birchfield asked whether the SNA maps were going to be on the website, as he felt that people needed to see whether their property was affected. R Vaughan said she understood that the TTPP was not at the stage of mapping SNAs and that the only SNAs that had been identified were in the Grey District Plan, but she could provide Cr Birchfield with more information following the meeting.

Cr Cummings asked whether wetlands had been mapped. R Vaughan confirmed they had not. R Vaughan advised that they would be developing a process around wetland mapping, following consultation with landowners, but that this would be some time off. Cr Ewen noted that there was already a timeline around completing the plan, but the identification and proofing process would be a lengthy one. R Vaughan clarified that the wetland process was in the regional plan and was a directive of the government, but the SNA process was in the TTPP. She agreed the wetland identification would be a lengthy and costly process for the regional plan.

Cr Birchfield said that the wetlands had already been mapped and wondered if it was necessary to go through that process again. He said there had been a desktop analysis of SNAs, with 25,000ha mapped. Cr Coll McLaughlin said that they had to be cautious with that as it had a lot of caveats with it and it had not been ground truthed. There could be some really perverse consequences from putting out information that is not ready. Cr Birchfield agreed but noted he did not want a situation where landowners were not notified of areas on their properties.

## **10. ITEMS TO BE CONSIDERED IN PUBLIC EXCLUDED SESSION**

**Moved** (Cummings / Ewen)

1. That the public be excluded from the following parts of the proceedings of this meeting, namely, -
  - Items 10.1 – 10.12 (inclusive)

<b>Item No.</b>	<b>General Subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 7 of LGOIMA for the passing of this resolution</b>
10.1	Confirmation of Confidential Minutes – R&A C meeting 10 February 2022	The item contains information relating to commercial, privacy and security matters	To protect commercial and private information and to prevent disclosure of information for improper gain or advantage (s 7(2)(a), s7(2)(b) and s7(2)(j)).
10.2	Health & Safety report	The item contains information relating to privacy and security matters	To protect private information and to prevent disclosure of information for improper gain or advantage (s 7(2)(a) and 7(2)(j)).
10.3	Cybersecurity report	The item contains information relating to security matters	To prevent disclosure of information for improper gain or advantage (s7(2)(j)).
10.4	RSHL Statement of Intent	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.5	Taxation	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.6	Audit Engagement Letter	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.7	Contractual matters	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.8	Capital Expenditure report	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.9	Report on Ombudsman matters	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.10	Westport Business Case Framework (verbal report)	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.11	VCS Tenders report	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.12	VCS report	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).

And

2. *That Heather Mabin, Kim Hibbs, Daniel Jackson, Neil Selman, Nichola Costley and Marc Ferguson be permitted to remain at this meeting after the public has been excluded, because of their knowledge on these subjects. This knowledge will be of assistance in relation to the matter to be discussed; and*
3. *The Minutes Clerk also be permitted to remain at the meeting.*

*Carried*

The public session of the meeting concluded at 12:00 p.m. and the meeting was adjourned for a lunch break.

The meeting resumed in a public-excluded session at 12.24 p.m.

.....

Chair

.....

Date

Unconfirmed

<b>Report to:</b> Risk & Assurance Committee	<b>Meeting Date:</b> 28 July 2022
<b>Title of Item:</b> Risk register	
<b>Report by:</b> Philip Jones, PJ & Associates	
<b>Reviewed by:</b> Marc Ferguson, Acting Corporate Services Manager	
<b>Public excluded?</b> No	

### Report Purpose

The purpose of this report is to inform the Committee on the progress of the implementation of its Corporate Risk management policy (CRMP), and to provide assurance to the committee on the direction of travel of the implementation of the policy.

### Report Summary

In 2021, Council adopted its Corporate Risk management policy (CRMP). Subsequent to this, Philip Jones, PJ & Associates, has been working with the Executive Leadership Team (ELT) to develop Council's risk register. This is step three of a seven step process.

This paper tables the progress made to date, highlights the next steps and subsequent reporting to the committee.

The policy requires that significant risks will be monitored and reviewed by the Chief Executive and the Risk and Assurance Committee on a quarterly basis. The risk register currently has 90 identified risks which are broken down into the following categories:

- High                63
- Significant       18
- Medium            5
- Low                 4

These are detailed in the body of the report.

In addition, the ELT have identified following top four risks which are not in the risk register:

- Lack of appropriate resources to undertake key functions - Capacity and capability
- Central government's expectation of local government
- Community expectations (including TLAs)
- Financial position of council – weak balance sheet.

These will be considered as part of the next quarterly review, and reported to the committee.

### Recommendations

**It is recommended that the Committee resolve to:**

1. *Receive the risk update report; and*
2. *Note the progress on the development of a risk register.*



## Issues and Discussion

### Background

A proactive risk management process comprises the following seven steps.

**Steps 1 & 2** consist of communication, consultation and establishing the context and these two steps have been completed as part of the development of the CRMP.

**Step 3 - To identify the risks.** - The first part of the implementation is the development of a risk register and the first step in that development is the identification of strategic risks and operational risks.

*As noted previously the identification of the initial strategic risks has been completed, and these have now been considered against the operational risks.*

**Step 4 - Risk Assessment** - Risk analysis aims to understand the level of significance of a risk and ways to control and/or mitigate it. This step considers the following:

- determine existing controls
- reconsideration of the risk likelihood with controls in place
- reconsideration of the consequence of the risk

**Step 5 - Risk evaluation** - After the likelihood and consequence factors have been determined, the level of risk is calculated by multiplying the Probability/Likelihood of the risk occurring (Table 1 of CRMP) with the Consequence or Impact Levels (Table 2 of CRMP). The final outcome is the risk rating (Table 3 of CRMP).

It is envisaged that the risk register will then be updated following:

- Stage 1: Inherent risk - the risk exposure prior to management controls being put in place;
- Stage 2: Managed risk – the risk exposure with the current level of management controls;
- Stage 3: Residual risk – when no further controls are required and the level of risk is tolerable.

**Step 6 - Risk Treatment** - this will involve identification of risks where the managed risk can be reduced to the residual risk identified in step 5.

**Step 7 - Monitoring and review** – this step acquires ongoing monitoring and review of both the risk register and the risk policy. As noted above, because of the significantly high number of high risks (63), a consideration of the introduction of an extreme risk category would be appropriate as part of this process. As would be the use of a multiplier methodology.

### Current situation

As noted above an initial assessment has been undertaken of the known operational risks. This included the following:

- Confirmation of linkage to appropriate strategic risk
- The risk likelihood
- The consequence of the risk
- Risk evaluation

It is important to note that the work done is only the first step in the risk management journey. Further steps that will follow over the next few months will include refining operational risks, and linking the corporate risk register with other registers, for example the Health and safety register.

As part of the analysis and categorisation of the risks the following observations were made:

1. The number of high risks (63) and the inability to immediately prioritise those risks, and as part of the ongoing evaluation the following will be considered by management:
  - The introduction of an extreme risk category should be considered as part of the next review of the policy.
  - The use of a multiplier matrix was used to prioritise risk within the various categories. This is detailed in appendix 1. Multiplier matrix uses the existing risk rating but then uses a number each category of likelihood and consequences with the higher number being allocated to the greater degree of risk. Generally, the greater the number, the greater overall risk, however it is possible for some high risk have a lower overall rating than a significant risk. This is a drawback of using a multiplier matrix to rank all risks.
2. As discussed above, ELT identified additional top risks which are not included within the risk register, consideration will be given to how these risks can be incorporated into the risk register and reported appropriately.
3. Not all operational risks were easily allocated into the strategic risks as identified previously by Council. The two strategic risks being; *Loss of Council’s assets* and *Loss or inaccurate corporate data*, have at this stage been incorporated into other risks which broadly fall into risk 2 *Failure to deliver agreed levels of service to our community*. Again, the next review of the risk register will consider these strategic risks.
4. There are a number of risks associated with strategic risk 5 *Failure to deliver robust planning policies* and as the regional plan (TTPP) is implemented, a number of these risks will reduce. For example, risk of not notifying the plan in a timely manner is a recorded risk, however as the plan has been now notified, this risk will be deleted from the register in the next review.

Set out below is a summary table of the 90 operational risks identified to date. A more detailed list is provided in appendix 1

Probability/ likelihood	Consequences				
	In-significant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
5 Almost certain	Medium	Significant	High 1	High 3	High
4 Likely	Medium	Significant 1	Significant 1	High 19	High
3 Moderate	Low 1	Medium 2	Significant 4	High 12	High 7
2 Unlikely	Low 1	Low 2	Medium 2	Significant 9	High 15
1 Rare	Low	Low	Medium 1	Significant 3	High 6

### Future reporting to Council

In the next report to Council the table above will set out both the number of risks that are reported above and the numbers within each category, so a comparison can be made. This will provide Council with assurance that all risks are being proactively managed, without the need to interrogate the full risk register. It is also anticipated that at a future Risk and assurance committee meeting, the entire risk register will be made available.

### Next steps

The policy requires the identification of the following:

- Stage 1: Inherent risk - the risk exposure prior to management controls being put in place;
- Stage 2: Managed risk – the risk exposure with the current level of management controls;
- Stage 3: Residual risk – when no further controls are required and the level of risk is tolerable.

The next step in addition to that discussed above will include an initial assessment for a number of high risks using these 3 stages. This will assist in determining the Inherent risk, Managed risk and Residual risk.

This will result in establishing the revised risk rating for each high risk.

## **Considerations**

### **Significance and Engagement Policy Assessment**

There are no issues within this report which trigger matters in this policy.

Appendix 1 – Details of allocation of strategic risks

STRATEGIC RISKS	No of risks	PROBABILITY LEVEL		IMPACT LEVEL		RISK LEVEL	Risk level score	Number in group
1. Failure to keep people safe	1	Unlikely	2	Catastrophic	5	High	10	1
2. Failure to deliver the agreed levels of service to our community	8	Likely	4	Major	4	High	16	1
		Moderate	3	Catastrophic	5	High	15	2
		Moderate	3	Major	4	High	12	3
		Unlikely	2	Catastrophic	5	High	10	1
		Unlikely	2	Major	4	Significant	8	1
3. Inability to retain knowledge to undertake Council's functions.	17	Likely	4	Major	4	High	16	13
		Moderate	3	Major	4	High	12	4
4. Failure to adequately plan for a natural disaster	10	Likely	4	Major	4	High	16	1
		Unlikely	2	Catastrophic 2	5	High	10	2
		Unlikely	2	Catastrophic	5	High	10	7
5. Failure to deliver robust planning policies	28	Almost certain	5	Major	4	High	20	3
		Likely	4	Major	4	High	16	2
		Almost certain	5	Moderate	3	High	15	1
		Moderate	3	Major	4	High	12	4
		Unlikely	2	Catastrophic	5	High	10	1
		Rare	1	Catastrophic	5	High	5	1
		Likely	4	Moderate	3	Significant	12	1
		Moderate	3	Moderate	3	Significant	9	1
		Unlikely	2	Major	4	Significant	8	4
		Unlikely	1	Major	4	Significant	4	2
		Rare	1	Major	4	Significant	4	1
		Unlikely	1	Minor	2	Significant	2	2
		Moderate	3	Minor	2	Medium	6	1
		Unlikely	1	Moderate	3	Medium	3	2
		Moderate	3	Insignificant	1	Low	3	1
Unlikely	2	Insignificant	1	Low	2	1		
6. Failure to implement	10	Moderate	3	Major	4	High	12	1
		Rare	1	Catastrophic	5	High	5	3

STRATEGIC RISKS	No of risks	PROBABILITY LEVEL		IMPACT LEVEL		RISK LEVEL	Risk level score	Number in group
adopted process planning policies		Moderate	3	Moderate	3	Significant	9	1
		Likely	4	Minor	2	Significant	8	1
		Rare	1	Major	4	Significant	4	2
		Moderate	3	Minor	2	Medium	6	1
		Rare	1	Moderate	3	Medium	3	1
7. Financial mis-management	10	Likely	4	Major	4	High	16	2
		Moderate	3	Catastrophic	5	High	15	2
		Unlikely	2	Catastrophic	5	High	10	1
		Rare	1	Catastrophic	5	High	5	2
		Unlikely	1	Catastrophic	5	High	5	1
		Moderate	3	Moderate	3	Significant	9	2
10. Council's information used for other than intended purposes	3	Unlikely	2	Catastrophic	5	High	10	1
		Unlikely	2	Major	3	Significant	6	2
11. Failure to fulfil statutory obligations	2	Moderate	3	Catastrophic	5	High	15	2
12. Failure of Council's relationships and partnerships	1	Moderate	3	Catastrophic	5	High	15	1

<b>Report to:</b> Risk and Assurance Committee	<b>Meeting Date:</b> 28 July 2022
<b>Title of Item:</b> Quarterly Financial Report	
<b>Report by:</b> Marc Ferguson, Acting Corporate Services Manager	
<b>Reviewed by:</b> Heather Mabin, Chief Executive Officer	
<b>Public excluded?</b> No	

### Report Purpose

The purpose of the report is to present Council's provisional balance sheet as at 30 June 2022 and draft financial operating results to 30 June 2022.

### Report Summary

This financial report reflects the year-on-year balance sheet and financial performance for the twelve months of the year prior to the finalisation of the results for the financial year and subsequent financial audit.

### Draft Recommendations

It is recommended that the Committee resolve to:

1. *Receive the provisional balance sheet and draft financial operating results to 30 June 2022;*

### Issues and Discussion

#### Overview

The provisional operational results for Council reflect a deficit of \$3.4mil versus a budgeted surplus of \$10.6mil (Table 2).

The main drivers as mentioned previously, have been the global impact on our investment portfolio (devaluation of returns when increases were budgeted) and the delay in commencement of the IRG Shovel Ready Projects (reduction of revenue).

It should be noted however, that an analysis is currently underway to ascertain the quantum of capital works in progress relating to the above projects that are currently included within the Operations expenditure costs which need to be transferred to the balance sheet. It is estimated the impact of this could improve the Council's results by circa \$1.3mil.

Furthermore, a NEMA claim has been completed with a potential grant value of \$529k, which would further boost the Council's bottom line.

From a balance sheet perspective (Table 1), a huge drive will be the focus on cash flow generation with consideration being given to the appointment of a credit controller to manage the current level of overdue rates (circa \$800k).

Infrastructure values included in PPE are being reviewed by Aon for insurance purposes and will be in the draft Annual Report. Investment property has been revalued and will also be included in the draft Annual Report.

#### Current situation

Key points to note on Council's financial performance to date are:

- A. Table 1: Provisional Balance sheet as at 30 June 2022
  - a. Total liabilities and equity of \$129mil is consistent with that of prior year.

- B. Table 2: Draft Operating results for the 12 months to 30 June 2022
- a. Major variance analysis to Budget
    - i. Corporate Services - (\$1.6mil)
      - 1. \$1.6mil - reduction in investment portfolio revenue
    - ii. Governance - (\$108k)
      - 1. \$108k - additional resource costs for finalising the Long-Term Plan
    - iii. Operations – (\$12mil)
      - 1. \$10mil - reduction in Grant revenue due to delay in IRG projects
      - 2. \$2mil - capital work in progress for IRG projects (potential \$1.3mil write back as mentioned above)
    - iv. Quarries – (\$154k)
      - 1. \$96k - additional revenue against the expected plan
      - 2. \$242k - increased costs for Camelback Quarry not budgeted for
    - v. Transport - \$36k
      - 1. \$36k - improvement to bottom line through additional service delivery with reduced costs
    - vi. VCS - \$21k
      - 1. \$455k (11%) - additional revenue through better uptake of tenders and timing of delivery.
      - 2. \$434k (11%) - reciprocal increase of costs due to the above
    - vii. Planning – \$827k
      - 1. \$827k - revenue reduction due to non-uptake of Biosecurity program
      - 2. \$1.6mil cost reduction mainly due to non-uptake of Biosecurity program
    - viii. DoC Funded Projects - \$Nil
      - 1. Tracking in line against budget
    - ix. TTPP - \$335k
      - 1. \$340k - non-uptake of research costs
    - x. CDEM – (\$375)
      - 1. \$375 - increase in net deficit due to additional response and resource costs
    - xi. Consents and Compliance – (\$315k)
      - 1. \$3157k - reduction in revenue due to timing of consents uptake
    - xii. Hydrology – (\$237k)
      - 1. \$249k - increase in corporate services costs reallocation (internal re-charge)
    - xiii. Environmental Science (\$68k)
      - 1. \$68k - additional expected general program delivery costs
    - xiv. People and Capability – (32k)
      - 1. \$32k - net increase through the mix reduced training costs (\$48k), Health and Safety costs (\$77k) and increased resource costs (93k)
    - xv. IT (\$12k)
      - 1. Generally, in line against budget

**Table 1:**

**The West Coast Regional Council  
Balance Sheet - Whole of Council  
As at 30 June**

	<b>2020/21</b>	<b>2021/22</b>
	<b>Actual</b>	<b>Actual</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	599,434	75,392
Receivables	2,784,732	3,110,560
Inventory	956,154	462,141
Loan advances	76,323	403,648
Other financial assets	13,813,070	14,409,914
<b>Total current assets</b>	<b>18,229,713</b>	<b>18,461,655</b>
<b>Non-current assets</b>		
Property, plant and equipment	109,103,840	108,782,019
Investment property	1,750,000	1,750,000
Loan advances	367,125	-
Investment in other entities	152,571	152,571
<b>Total non-current assets</b>	<b>111,373,536</b>	<b>110,684,591</b>
<b>Total assets</b>	<b>129,603,248</b>	<b>129,146,245</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	-	-
Borrowings	168,267	553,267
Payables and deferred revenue	7,122,540	7,904,977
Employee entitlements	560,977	530,325
<b>Total current liabilities</b>	<b>7,851,784</b>	<b>8,988,569</b>
<b>Non-current liabilities</b>		
Borrowings	8,600,000	10,405,277
Future quarry restoration	360,351	360,351
<b>Total non-current liabilities</b>	<b>8,960,351</b>	<b>10,765,628</b>
<b>Total liabilities</b>	<b>16,812,135</b>	<b>19,754,197</b>
<b>Equity</b>		
Ratepayers equity	32,874,112	30,821,283
Equity reserves	79,917,001	78,570,765
<b>Total equity</b>	<b>112,791,113</b>	<b>109,392,048</b>
<b>Total liabilities and equity</b>	<b>129,603,248</b>	<b>129,146,245</b>



**Table 2****The West Coast Regional Council****Operating Result for the 12 Months ended 30 June 2022**

Category	2020/21 YTD Actual June	2021/22 YTD Actual June	2021/22 YTD Budget June	June YTD Variance to Budget	June YTD Variance to Prior Year
<b>WCRC Operating Surplus / (Deficit)</b>	<b>16,598,470</b>	<b>(3,397,710)</b>	<b>10,575,970</b>	<b>(132%)</b>	<b>(120%)</b>
<b>Corporate Services</b>	<b>22,079,986</b>	<b>5,055,853</b>	<b>6,606,955</b>	<b>(23%)</b>	<b>(77%)</b>
Revenue	21,325,003	4,089,442	5,688,194	(28%)	(81%)
Expenditure	754,983	966,411	918,761	5%	28%
<b>Governance</b>	<b>(862,301)</b>	<b>(782,231)</b>	<b>(674,589)</b>	<b>(16%)</b>	<b>9%</b>
Revenue	-	-	-	-	-
Expenditure	(862,301)	(782,231)	(674,589)	(16%)	9%
<b>Operations</b>	<b>289,401</b>	<b>(1,738,437)</b>	<b>10,599,947</b>	<b>(116%)</b>	<b>(701%)</b>
Revenue	2,662,308	2,942,913	13,159,063	(78%)	11%
Expenditure	(2,372,907)	(4,681,350)	(2,559,116)	(83%)	(97%)
<b>Quarries</b>	<b>125,348</b>	<b>91,057</b>	<b>245,676</b>	<b>(63%)</b>	<b>(27%)</b>
Revenue	600,679	637,817	542,000	18%	6%
Expenditure	(475,331)	(546,760)	(296,324)	(85%)	(15%)
<b>Transport</b>	<b>(86,954)</b>	<b>(42,778)</b>	<b>(79,079)</b>	<b>46%</b>	<b>51%</b>
Revenue	102,213	120,499	101,100	19%	18%
Expenditure	(189,167)	(163,277)	(180,179)	9%	14%
<b>VCS</b>	<b>742,204</b>	<b>362,934</b>	<b>341,975</b>	<b>6%</b>	<b>(51%)</b>
Revenue	4,890,425	4,787,682	4,332,000	11%	(2%)
Expenditure	(4,148,220)	(4,424,748)	(3,990,025)	11%	7%
<b>Planning</b>	<b>(609,147)</b>	<b>(466,827)</b>	<b>(1,292,935)</b>	<b>64%</b>	<b>23%</b>
Revenue	19,479	824,534	1,651,877	(50%)	4133%
Expenditure	(628,626)	(1,291,361)	(2,944,812)	56%	(105%)
<b>DoC Funded Projects</b>	-	-	-	-	-
Revenue	-	292,826	-	-	-
Expenditure	-	(292,826)	-	-	-
<b>TTPP</b>	<b>(302,320)</b>	<b>(558,412)</b>	<b>(893,427)</b>	<b>37%</b>	<b>(85%)</b>
Revenue	285,156	494,868	500,000	(1%)	74%
Expenditure	(587,477)	(1,053,280)	(1,393,427)	24%	(79%)
<b>CDDEM</b>	<b>(578,073)</b>	<b>(627,979)</b>	<b>(252,660)</b>	<b>(149%)</b>	<b>(9%)</b>
Revenue	770,612	1,278,197	1,180,000	8%	66%
Expenditure	(1,348,685)	(1,906,176)	(1,432,660)	(33%)	(41%)
<b>Consents &amp; Compliance</b>	<b>(1,258,585)</b>	<b>(1,000,909)</b>	<b>(685,569)</b>	<b>(46%)</b>	<b>20%</b>
Revenue	834,920	1,281,037	1,598,366	(20%)	53%
Expenditure	(2,093,505)	(2,281,947)	(2,283,935)	(0%)	9%
<b>Hydrology</b>	<b>(978,292)</b>	<b>(1,292,025)</b>	<b>(1,054,840)</b>	<b>(22%)</b>	<b>(32%)</b>
Revenue	17,000	11,500	-	-	(32%)
Expenditure	(995,292)	(1,303,525)	(1,054,840)	(24%)	(31%)
<b>Environmental Science</b>	<b>(1,107,190)</b>	<b>(1,416,128)</b>	<b>(1,347,634)</b>	<b>(5%)</b>	<b>(28%)</b>
Revenue	-	-	-	-	-
Expenditure	(1,107,190)	(1,416,128)	(1,347,634)	(5%)	(28%)
<b>People &amp; Capability</b>	<b>(409,398)</b>	<b>(374,189)</b>	<b>(341,713)</b>	<b>(10%)</b>	<b>9%</b>
Revenue	-	-	-	-	-
People & Capability Expenditure	(409,398)	(374,189)	(341,713)	(10%)	9%
<b>IT</b>	<b>(446,210)</b>	<b>(607,637)</b>	<b>(596,137)</b>	<b>(2%)</b>	<b>(36%)</b>
Revenue	-	-	-	-	-
IT Expenditure	(446,210)	(607,637)	(596,137)	(2%)	(36%)

<b>Report to:</b> Risk and Assurance Committee	<b>Meeting Date:</b> 28 July 2022
<b>Title of Item:</b> JB Were Investment Portfolio	
<b>Report by:</b> Marc Ferguson, Acting Corporate Services Manager	
<b>Reviewed by:</b> Heather Mabin, Chief Executive Officer	
<b>Public excluded?</b> No	

### Report Purpose

The purpose of the report is to table to the Committee, the report from JB Were on the Investment Portfolio as at 30 June 2022.

### Report Summary

This report provides the Committee with the results to 30 June 2022.

### Recommendations

It is recommended that the Committee resolve to:

1. *Receive this report and note the attachments.*

### Issues and Discussion

#### Attachments

attachment 1: WCRC June 2022 Report, JB Were

attachment 2: WCRC Portfolio Since Inception, JB Were

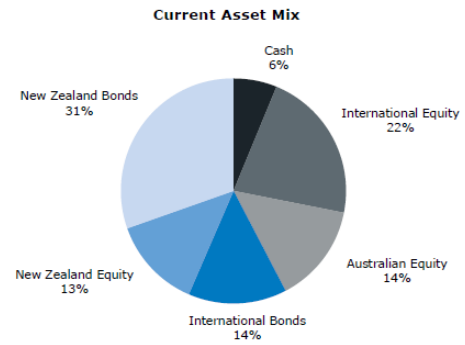
# Investment Fact Sheet

The West Coast Regional Council  
30 June 2022

Fund Performance	Jun-22				Performance since July 2018			1 July 2021 to 30 June 2022		
	Actual <sup>1</sup> %	Weighted %	Benchmark %	Relative %	Actual %	Benchmark %	Relative %	Actual %	Benchmark %	Relative %
NZ Cash <sup>2</sup>	0.18	0.01	0.17	0.01	5.32	4.02	1.30	0.96	0.82	0.14
New Zealand Bonds	0.04	0.01	-0.11	0.15	8.66	4.08	4.58	-6.65	-6.78	0.13
International Bonds	-3.32	-0.47	-1.55	-1.77	5.36	3.36	2.00	-10.23	-8.85	-1.38
Australian Equity	-6.51	-0.95	-8.44	1.93	30.97	24.78	6.19	-5.18	-3.72	-1.46
New Zealand Equity	-3.44	-0.45	-3.89	0.45	33.58	21.53	12.05	-10.62	-14.11	3.49
International Equity	-3.85	-0.85	-4.08	0.23	22.12	34.59	-12.47	-12.29	-4.88	-7.41
<b>Total Portfolio</b>	<b>-2.71</b>		<b>-2.59</b>	<b>-0.12</b>	<b>17.37</b>	<b>15.62</b>	<b>1.75</b>	<b>-7.96</b>	<b>-6.28</b>	<b>-1.68</b>

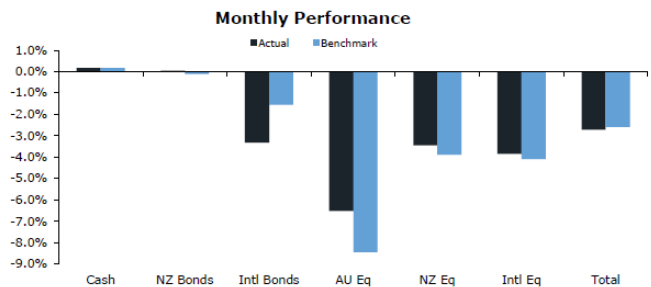
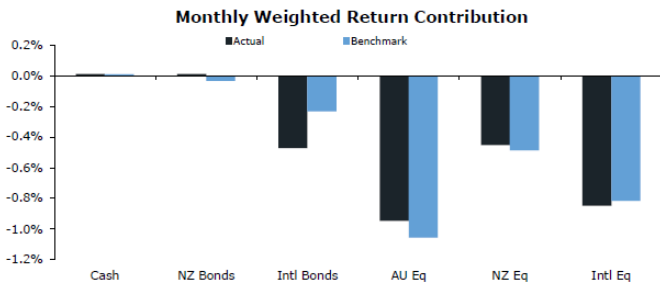
	Jun-22	Performance since July 2018	1 July 2021 to 30 June 2022
	\$	\$	\$
<b>Opening Fund Value</b>	<b>11,856,603</b>	<b>10,871,065</b>	<b>12,611,093</b>
Contributions	0	1,272,005	5
Withdrawals	0	-1,975,000	0
Net Transfers	111	16,138	3,656
Absolute Return	-341,484	1,331,024	-1,099,522
<b>Closing Fund Value</b>	<b>11,515,231</b>	<b>11,515,231</b>	<b>11,515,231</b>

Current Asset Allocation	\$	%	Relative Break Down
New Zealand Equities	1,507,363	13%	Asset Allocation -0.29%
Australian Equities	1,641,164	14%	Stock Selection 0.19%
International Equities	2,518,673	22%	Approx. Error -0.02%
New Zealand Bonds	3,500,367	30%	-0.12%
International Bonds	1,629,130	14%	
Alternative Investments	0	0%	
Cash	718,534	6%	
<b>Portfolio Total</b>	<b>11,515,231</b>	<b>100%</b>	



Indices applied to investment sector benchmark:	1 Month Return	Investment Policy	Range	SAA*	TAA*	Actual	Actual vs TAA	
Cash	NZ 90 day bank bills	0.17	0-20	12.5	16.0	13.1	-2.9	
New Zealand Bonds	S&P NZX A-Grade Corp Bond Index	-0.11	0-20	12.5	12.0	14.3	2.3	
International Bonds	Barclays Global Agg NZD Hedged	-1.55	0-35	20.0	22.0	21.9	-0.1	
New Zealand Equity	S&P NZX 50 Gross Index	-3.89	0-10	5.0	0.0	0.0	0.0	
Australian Equity	S&P ASX 200 Acc Index (NZD)	-8.44	<b>35-65</b>	<b>50.0</b>	<b>50.0</b>	<b>49.2</b>	<b>-0.8</b>	
Australian Equity (local)	S&P ASX 200 Acc Index (local)	-8.77	NZ Bonds	0-60	30.0	32.0	30.4	-1.6
International Equity	MSCI AC World Index (NZD)	-4.08	International Bonds	0-30	15.0	15.0	14.1	-0.9
International Equity (local)	MSCI AC World Index (local)	-8.39	Cash	0-35	5.0	3.0	6.2	3.2
			<b>Total Income Assets</b>	<b>35-65</b>	<b>50.0</b>	<b>50.0</b>	<b>50.8</b>	<b>0.8</b>

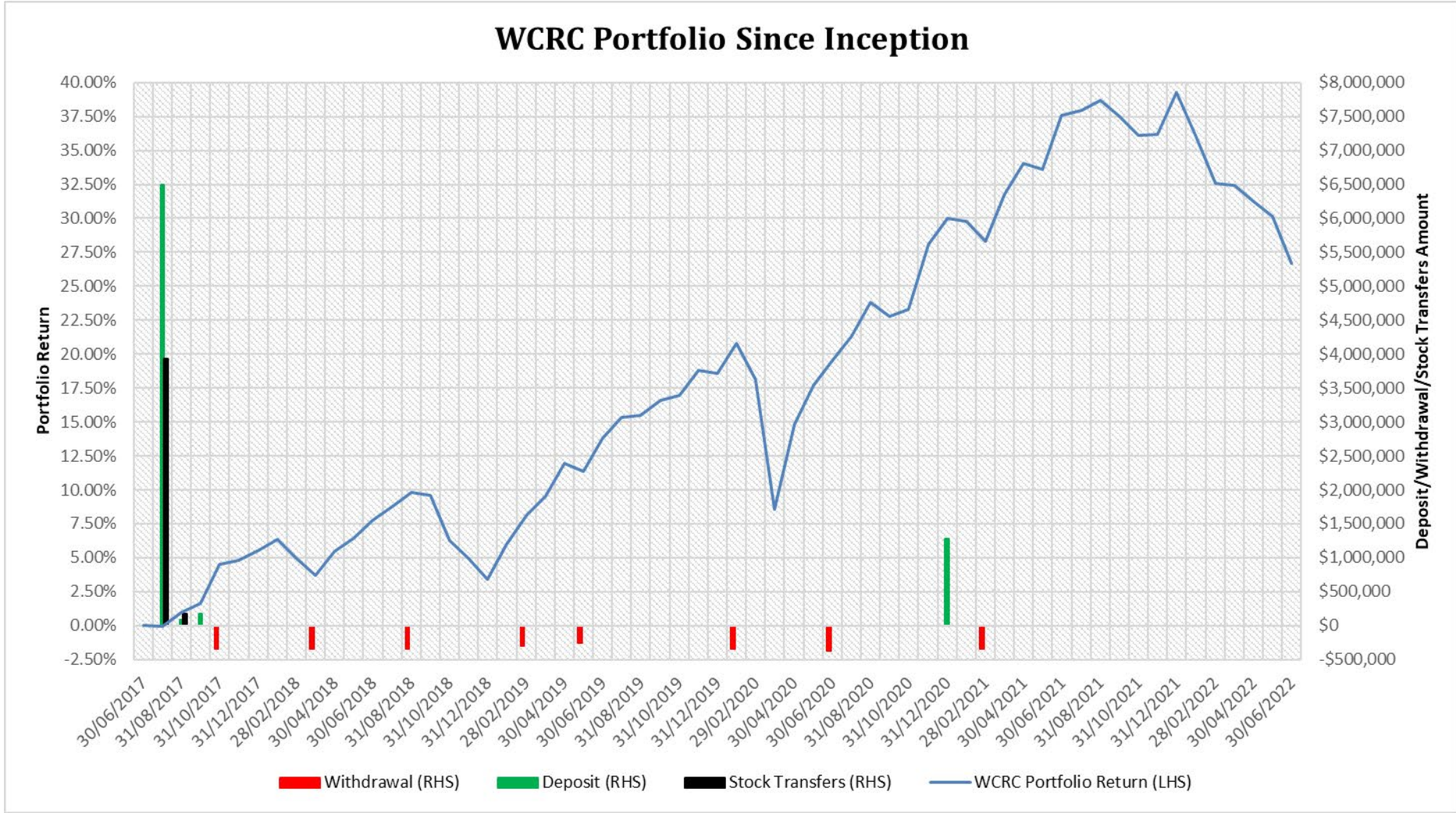
\*SAA = Strategic Asset Allocation, TAA = Tactical Asset Allocation  
The current asset allocation remains within the limits of the investment policy.



### General Notes:

1. Performance returns are based off the Time Weighted Returns
2. Cash returns show the return on NZD
3. The weighted return will not sum to the actual return due to fluctuations in weightings over the month
4. Weights are calculated as the average between the start and end of the month

Attachment 2:



<b>Report to:</b> Risk and Assurance Committee	<b>Meeting Date:</b> 28 July 2022
<b>Title of Item:</b> LGFA Statement of Intent	
<b>Report by:</b> Marc Ferguson, Acting Corporate Services Manager	
<b>Public excluded?</b> No	

### Report Purpose

The purpose of the report is to table to the Committee, the LGFA Statement of Intent (SOI) for the period 2022 – 2025 and accompanying letter defining the key drivers contained within.

### Report Summary

This report provides the Committee with the LGFA SOI for 2022-2025.

### Recommendations

**It is recommended that the Committee resolve to:**

1. *Receive this report and note the attachments.*

### Issues and Discussion

#### Background

It should be noted that one of the key changes within the SOI has been the increase of the base lending margin for borrowing from 1 July 2022 by 5bps. The rationale has been outlined in the accompanying letter (attachment 2).

#### Attachments

attachment 1: LGFA Statement of Intent 2022 – 2025

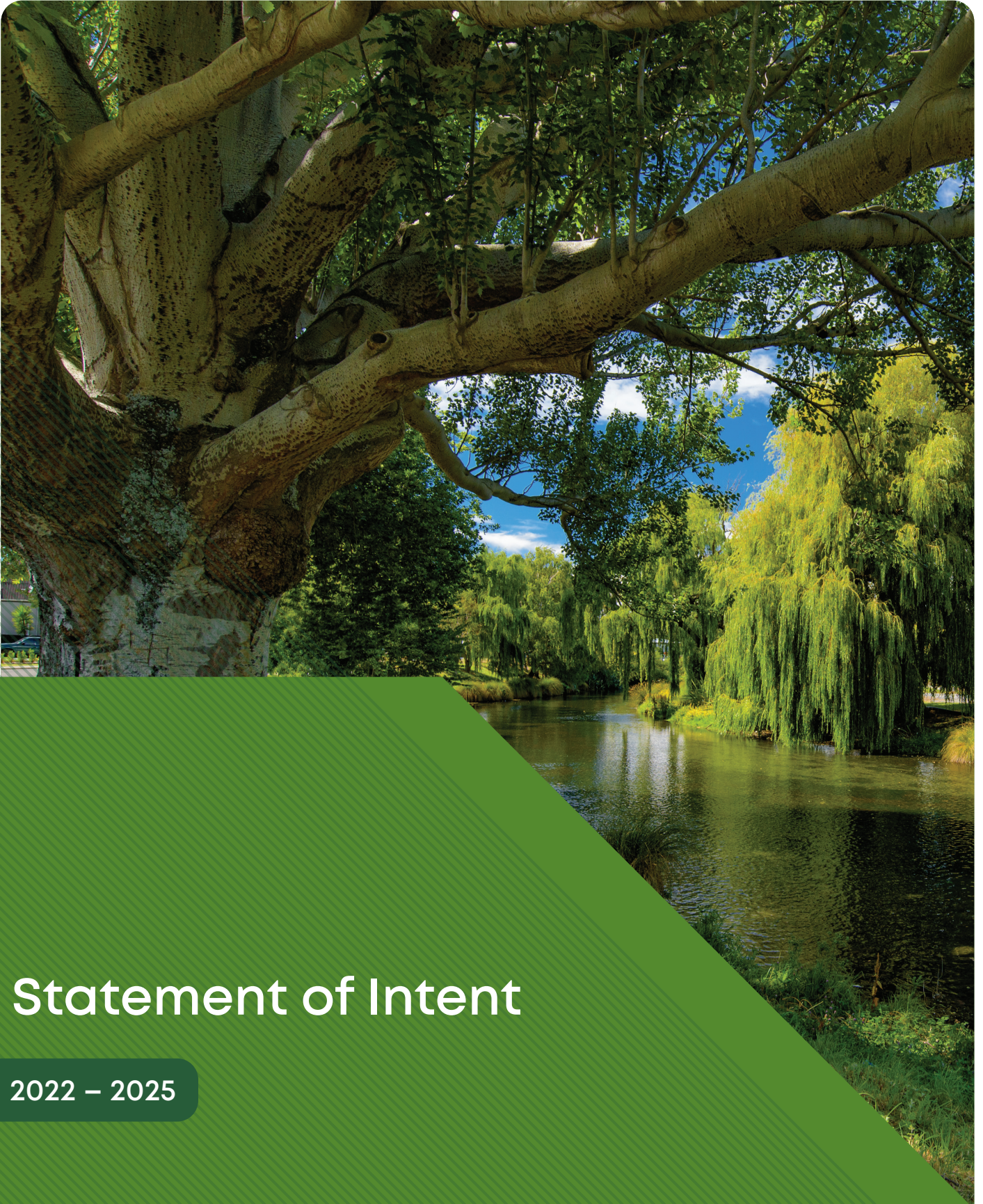
attachment 2: Letter defining the key drivers contained within the SOI



# LGFA



New Zealand Local  
Government Funding Agency  
Te Pūtea Kāwanatanga ā-rohe



## Statement of Intent

2022 – 2025

## 1. Introduction

This Statement of Intent (SOI) sets out the nature and scope of the activities, objectives and performance targets for the New Zealand Local Government Funding Agency Limited (LGFA) for the three-year period 1 July 2022 to 30 June 2025. LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

## 2. Nature and scope of activities

LGFA raises debt funding for the purpose of providing debt financing to New Zealand local authorities and CCOs (participating borrowers).

LGFA may raise debt funding either domestically and / or offshore in either NZ dollars or foreign currency.

LGFA only lends to participating borrowers that have entered into required relevant legal and operational arrangements and comply with the LGFA's lending policies.

In addition, LGFA may undertake any other activities considered by the LGFA Board to be reasonably related, incidentally to, or in connection with, that business.

## 3. Our purpose Ta tatou kaupapa

**Benefiting local communities through delivering efficient financing for local government.**

**Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.**

## 4. Our values Ō mātau uara

**We act with integrity**

**E pono ana mātau**

We are honest, transparent and are committed to doing what is best for our customers and our company

**We are customer focused**

**E arotahi ana mātau ki te kiritaki**

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference

**We strive for excellence**

**E whakapau kaha mātau kia hiranga te mahi**

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.

**We provide leadership**

**He kaiārahi mātau**

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.

**We are innovative**

**He auaha mātau**

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.



## 5. Foundation objectives

The Shareholders' Agreement is a foundation document and states that, in accordance with the Local Government Act, in carrying on its business the objectives of the Company will be to:

- (a) achieve the objectives of the Shareholders (both commercial and non-commercial) as specified in the Statement of Intent. The Shareholders agree that the Company shall carry on its business with a view to making a profit sufficient to pay a dividend in accordance with the Dividend Policy, but that the primary objective of the Shareholders with respect to the Company is that it optimises the terms and conditions of the debt funding it provides to Participating Local Authorities;
- (b) be a good employer;
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- (d) conduct its affairs in accordance with sound business practice.

This Statement of Intent sets out the company's strategic priorities, together with associated objectives and performance targets, which align with the foundation objectives and have been agreed with shareholders.

## 6. Strategic priorities

The following five strategic priorities encompass the foundation objectives and guide the LGFA Board and management in determining our strategy, objectives and associated performance targets.

### Governance, capability and business practice

LGFA is committed to best practice corporate governance to ensure its long-term sustainability and success.

### Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

### Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

### Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position. LGFA manages its assets within an appropriate risk management framework to ensure shareholder value is not compromised.

### Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

## 7. Objectives and performance targets

This section sets out LGFA's objectives and performance targets for SOI 2022-2025.

The financial performance targets are focused on the 2022-2023 year and, as applicable, are based on the financial forecasts outlined in section 8.



## Governance, capability and business practice

Objectives	How we measure our performance
LGFA will:	
Demonstrate best practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	LGFA reports performance against objectives quarterly to shareholders and in our Annual Report.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Financial performance is reported quarterly to shareholders and in our Annual Report.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	The Annual Report reports on our health and safety and wellbeing practices and policies, including Covid-related safety processes, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2022-2023 target
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches
Maintain LGFA's credit rating equal to the New Zealand Government's sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.
LGFA's total operating income for the period to 30 June 2023.	> \$12.2 million
LGFA's total operating expenses for the period to 30 June 2023.	< \$9.4 million

## Optimising financing services for local government

Objectives	How we measure our performance
LGFA will:	
Provide interest cost savings relative to alternative sources of financing.	Measure LGFA issuance spreads against other high grade issuers in the New Zealand domestic capital markets.
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	Measure LGFA's share of overall council borrowing. Survey participating borrowers on an annual basis.
Deliver operational best practice and efficiency for lending services.	Minimise settlements errors for new trades and cashflows. Survey participating borrowers on an annual basis.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	Maintain a vibrant primary and secondary market in LGFA bonds. Monitor participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges.

Performance targets	2022-2023 target
Share of aggregate long-term debt funding to the Local Government sector.	> 80%
Total lending to Participating Borrowers.	> \$15,004 million
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%

## Environmental and social responsibility

Objectives	How we measure our performance
LGFA will:	
Assist the local government sector in achieving their sustainability and climate change objectives.	LGFA is committed to assisting our borrowers' financing of projects that promote environmental and social wellbeing in New Zealand. Green, Social & Sustainability (GSS) loan applications from councils are appraised by the LGFA Sustainability Committee, with approved loans monitored for ongoing compliance.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions and has formalised processes to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions.

Performance targets	2022-2023 target
Comply with the Health and Safety at Work Act 2015	No breaches
Maintain Toitū Carbon Zero certification	Carbon-zero certification maintained.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.
Increase our GSS lending book	Two new participating borrowers enter into GSS loans.
Ensure Annual Report is prepared in compliance with applicable GRI Standards.	100%
Meet all mandatory climate reporting standards.	100%

## Effective management of loans

Objectives	How we measure our performance
LGFA will:	
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA reviews the financial statements for each participating borrower on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list. Participating borrowers are required to complete annual compliance certificates by the end of November each year.
Analyse finances at the Council group level where appropriate and report to shareholders.	
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	Number of participating borrowers visited in a year.

Performance targets	2022-2023 target
Review each participating borrower's financial position under LGFA policies.	100%
Arrange to meet each Participating Borrower at least annually, including meeting with elected officials as required, or if requested.	100%

## 7. Industry leadership and engagement

Objectives	How we measure our performance
LGFA will:	
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	Report on actions undertaken and progress made on sector issues.
Assist the local government sector with significant matters such as COVID -19 response and the proposed Three Waters Reform Programme.	
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	

## 8. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2025 are:

Comprehensive income \$m	Jun 23	Jun 24	Jun 25
Net Interest income	10.9	16.1	15.4
Other operating income	1.3	1.3	1.3
<b>Total operating income</b>	<b>12.2</b>	<b>17.4</b>	<b>16.7</b>
Approved Issuer Levy	0.8	0.3	0.3
Issuance & onlending costs	3.7	3.8	3.9
Operating overhead	4.9	5.1	5.4
<b>Issuance and operating expenses</b>	<b>9.4</b>	<b>9.2</b>	<b>9.6</b>
<b>Net operating profit</b>	<b>2.8</b>	<b>8.2</b>	<b>7.1</b>
Financial position (nominals) \$m	Jun 23	Jun 24	Jun 25
Liquid assets portfolio	2,005	1,821	1,997
Loans to local government	15,004	15,995	16,650
Other assets	-	-	-
<b>Total assets</b>	<b>17,009</b>	<b>17,815</b>	<b>18,647</b>
Bonds on issue (ex Treasury stock)	16,050	16,802	17,583
Bills on issue	500	500	500
Borrower notes	313	348	377
Other liabilities	-	-	-
<b>Total liabilities</b>	<b>16,863</b>	<b>17,650</b>	<b>18,460</b>
Capital	25	25	25
Retained earnings	82	90	96
Dividend	(1)	(1)	(1)
<b>Shareholder equity</b>	<b>106</b>	<b>114</b>	<b>120</b>

Ratios	Jun 23	Jun 24	Jun 25
Liquid assets / funding liabilities	12.3%	10.6%	11.1%
Liquid assets / total assets	11.8%	10.2%	10.7%
Net interest margin	0.07%	0.10%	0.09%
Cost to income ratio	77.2%	53.3%	57.7%
Return on average assets	0.02%	0.05%	0.04%
Shareholder equity / total assets	0.6%	0.6%	0.6%
Shareholder equity + BN / total assets	2.5%	2.6%	2.7%
Asset growth	6.6%	4.7%	4.7%
Loan growth	7.8%	6.6%	4.1%
Return on equity	2.7%	7.6%	6.2%
Capital ratio	12.3%	13.0%	13.3%

The above forecasts assume a gross bond issuance programme of \$2.90 billion (FY23), \$2.93 billion (FY24) and \$2.80 billion (FY25) based upon term lending to councils of \$2.95 billion (FY23), \$2.78 billion (FY24) and \$2.70 billion (FY25)

Note there is a level of uncertainty regarding the financial forecasts for June 2024 and June 2025 due to the uncertainty relating to the Three Waters Reform and the impact on councils.

Councils prepared their 2021-31 Long Term Plans (and borrowing forecasts) on the assumption that Three Water Reform was not progressing and we have made the same assumption with our forecasts. LGFA projects it could have between \$4 to \$5 billion of loans to councils in June 2024 that are related to Three Waters. There have been no decisions made to date regarding the transfer of assets and liabilities from councils to the proposed Three Water entities.

Note that the forecast net operating profit is lower than previous years due to a projected fall in net interest income arising from

1. a larger holding of liquid assets (that provide a return lower than our cost of borrowing);
2. the cost of meeting collateral requirements on the interest rate swap positions used to hedge our bond issuance to provide floating rate lending to councils;
3. the cost from issuing bonds with an average term that is one year longer than our council lending; and
4. the cost from the introduction of green, social and sustainable loans to councils at a discounted loan margin.

Forecast issuance and operating expenses are higher than previous years, the key driver being an increase in the NZDM facility cost as a consequence of forecast collateral requirements.

We have increased the base lending margin to councils by 5 bps (to 20bps) from 1 July 2022 to partially offset some of the above costs.

## 9. Dividend policy

LGFA primary objective is to maximise benefits to participating borrowers rather than shareholders. Consequently, it is intended to pay a limited dividend to shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA's fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

## 10. Governance

### Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter.

The Board will meet on a regular basis and no fewer than six times each year.

### **Shareholders' Council**

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

## **11. Information to be provided to Shareholders**

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

### **Annual Report**

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act 1993 and Financial Reporting Act 2013. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

### **Half Yearly Report**

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

### **Quarterly Report**

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report.

The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Borrower's (in credit rating bands).
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt / Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).

- To the extent known by LGFA, details of all events of review in respect of any Participating Borrower that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any lending to CCOs during the quarter and the amount of CCO loans outstanding.
- Commentary on sustainability initiatives.

### Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

### Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

## 12. Acquisition / divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and / or investment policies as approved by the Board and / or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

## 13. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Currently there are no activities for which compensation will be sought from Shareholders.

## 14. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considered that at establishment the commercial value of LGFA was equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares of \$25 million. This equates to a value per share of \$1.00.

## 15. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

# Statement of accounting policies

## 1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

The financial statements are as at and for the year ended 30 June 2021.

These financial statements were authorised for issue by the Directors on 30 August 2021.

## 2. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

## 3. Basis of preparation

### Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

### Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

### Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

### Changes in accounting policies

LGFA does not consider any standards or interpretations on issue but not yet effective to have a significant impact on its financial statements.

### Financial instruments

#### Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit and bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.



Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

### Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

### Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

### Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

### Other assets

#### Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

#### Intangible assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

### Other liabilities

#### Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

### Revenue

#### Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

### Expenses

Expenses are recognised in the period to which they relate.

#### Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

#### Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

#### Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.



The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### Segment reporting

LGFA operates in one segment being funding of participating borrowers in New Zealand.

### Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

The financial statements as at 30 June 2021 include estimates and judgements of the potential impact of COVID-19 and the Three Waters Reform Programme on LGFA's financial position and performance. Whilst there has been no material impact on the estimates and judgements at the date these financial statements are authorised, it is noted that there is significant uncertainty with regards to the medium and long-term effects of COVID-19, as well as the outcome of Three Waters Reform Programme on the local government sector.

30 June 2022

Dear LGFA stakeholder

### **Statement of Intent 2022-2025**

Please find attached the Statement of Intent (SOI) for the 2022-25 period.

LGFA remains focused on delivering strong results for our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets.

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality and
- Enhancing our approach to treasury and risk management.

The following points regarding the 2022-25 SOI are worth noting

- The SOI performance targets are the same as the targets in the prior year SOI except we have included targets relating to improving sustainability outcomes within LGFA and assisting the sector in achieving sustainability and climate change objectives.
- There is a forecast reduction in Net Operating Income compared to prior years. This is due to a lower forecast Net Interest Income arising from
  - A larger amount of liquid assets held in our Liquid Assets Portfolio (“LAP”) financed through issuing long term debt.
  - Markets are pricing in a substantial tightening in monetary policy over the next two years. This has resulted in the widening of the spread between the Official Cash Rate (“OCR”) and 3-month bank bills yields (“BKBM”) to the widest levels on record. This has a negative impact on LGFA as we hold a large LAP that contains sizeable holdings of cash investments that receive the OCR as interest but we have borrowed for longer tenors with the borrowing rate set from the BKBM yield.
  - LGFA issues fixed rate bonds and then swaps the proceeds into a floating rate borrowing cost using interest rate swaps (“IRS”). We swap the bond proceeds into floating rate as most councils borrow from LGFA on a floating rate basis. Our swap positions with the New Zealand Debt Management (“NZDM”) are collateralised and as interest rates rise, we have an unrealised loss on our swaps positions. The swap

losses are offset by the unrealised gains on our fixed rate bond issuance but the bond issues are not collateralised. While the swaps loss is unrealised, we do have to provide collateral or increase the NZDM liquidity facility size. Both options come at a financial cost but we have no choice as we need to provide councils with the flexibility of borrowing on a floating or fixed rate basis.

- Our average term of borrowing is 1 year longer than our average term of lending to councils. This is a conservative approach to minimising risk and ensuring that LGFA has sufficient cash available to lend to councils at times of market distress but it has a financial cost.
- We have increased the base on-lending margin by 5 bps to 20 bps (0.20%) for new borrowing effective 1 July 2022. This is to ensure the LGFA balance sheet remains strong to ensure we maintain a similar credit rating to the New Zealand Government and to maintain the confidence of our investor base.
- There remains some uncertainty within the SOI forecasts relating to the amount of both council loans and LGFA bonds outstanding as this depends upon the magnitude and timing of council borrowing. We have based our forecasts on the Long-Term Plans (“LTPs”) of our seventy-five council and CCO members and the LTPs forecast a significant increase in borrowing in each of the next three years. The actual amount of borrowing will be influenced by the ability of councils to deliver on the capex projections in their LTPs as well as the amount of Central Government assistance in funded capex delivery.
- The Three Waters Reform programme has assumed the establishment of the four new Water Services Entities (“WSE”) will take place on 1 July 2024. This is the start of the 2024-25 financial year and is the final year of this SOI forecast period. At this point in time we are unsure as to
  - Any role by LGFA in lending to the WSEs once they have been established
  - How the transition of debt and assets between the councils and WSEs will occur and
  - The borrowing behaviour by councils ahead of the 1 July 2024 transition date.

The changes made to the Final SOI compared to the Draft SOI that you received in February 2022 for comment have been

- As noted above, we have increased the base on-lending margin by 5 bps to a new margin of 20 bps (0.20%) for new borrowing effective 1 July 2022.
- Net Interest Income has decreased in the 2022-23, 2023-24 and 2024-25 financial years by \$6.0 million, \$2.4 million and \$1.8 million.
- Expenses have increased by \$1 million in each of the three forecast years due to a higher forecast utilisation of the NZDM standby facility and increased IT and consultancy costs relating to Three Waters Reform and sustainability initiatives.
- Forecast Net Operating Profit has reduced by \$7.1 million (2022-23), \$3.6 million (2023-24) and \$3 million (2024-25).

We remain committed to delivering the lowest possible borrowing cost to the sector, providing certainty of access to funding and long dated tenors to councils while at the same time protecting the interests of our guarantors and shareholders.

We thank you for your support of LGFA and please feel free to contact me if you have any questions or require further clarification on anything relating to the SOI or LGFA in general.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Butcher', with a stylized flourish at the end.

Mark Butcher  
Chief Executive

<b>Report to:</b> Risk and Assurance Committee	<b>Meeting Date:</b> 28 July 2022
<b>Title of Item:</b> Gifts Register	
<b>Report by:</b> Toni Morrison, consultant	
<b>Reviewed by:</b> Marc Ferguson, Corporate Services Manager	
<b>Public excluded?</b> No	

### Report Purpose

To update the Committee on gifts received by Council staff in the previous financial year.

### Report Summary

Councils as public bodies should conduct their business in accordance with a series of principles including integrity, impartiality, accountability, and trustworthiness. The Council's Gifts and Koha Policy, which applies to all employees, was adopted by the Senior Management Team in February 2022. The purpose of the policy is to provide clear parameters for staff to ensure they are not open to influence or public criticism in relation to the receipt of gifts, hospitality and other personal benefits. The policy also provides guidance on the giving of gifts or koha.

The Policy requires that Council maintain a Gifts and Koha Register and that all gifts are recorded on it. Attached is the Register which records gifts received dating from December 2021, which is when the register was established.

The Policy requires that the register will be reported to the Committee on an annual basis, following the end of each financial year.

### Recommendation

#### It is recommended that:

1. *the Committee receive the report.*

### Attachment

Attachment 1: Gifts and Koha Register for the period 1 December 2021 – 30 June 2022.

## Attachment 1: Gifts and Koha Register

<b>Gifts Received</b>			
<b>Date</b>	<b>WCRC Section/ Recipient</b>	<b>Gift description</b>	<b>External Giver</b>
14/12/21	Planning	Gift Basket of foodstuffs/ drinks	Enviser Consulting
16/12/21	TTPP team	Gift basket of foodstuff/ drinks	Wynn Williams
17/12/21	CEO, Director Operations	Bottle of wine	Ross Dowling Marquet Griffin
17/12/21	CEO	Calendar	NIWA
22/12/21	Planning	Bottle of wine	Ross Dowling Marquet Griffin
23/12/21	Human Resources	Bottle of wine	Brannigans

<b>Report to:</b> Risk and Assurance Committee	<b>Meeting Date:</b> 28 July 2022
<b>Title of Item:</b> Service Performance Measures Report	
<b>Report by:</b> Marc Ferguson – Acting Corporate Services Manager	
<b>Public excluded?</b> No	

### Report Purpose

The purpose of this report is to table Council’s Service Performance Measures Report for the quarter to 30 June 2022.

### Report Summary

The Service Performance Measures Report sets out how Council is tracking with regards to the achievement of set Service Performance targets.

### Draft Recommendations

It is recommended that Council resolve to:

1. Note the attached Service Performance Measures Report for the quarter to 30 June 2022.

### Issues and Discussion

#### Current situation

As part of the Long-term Plan process Council sets out the services that it intends to provide to the community.

The service performance measures detail the metric that Council will use to measure the performance of the services, along with the target that Council seeks to achieve.

Service performance is a key aspect of the function of Council and the measures and attainment of targets are a focus of the Annual Report audit. The auditors apply a strict pass or fail criteria on the achievement of the targets.

Management intends to apply a similarly strict pass or fail criteria during the quarterly reporting process so that Council is aware of how performance is tracking and whether more needs to be done in areas that are not on track.

### Attachments

attachment 1: Council’s Service Performance Measures Report.

## SERVICE PERFORMANCE MEASURES

### Key for annual targets

- *Achieved* = we have already achieved the annual target
- *On track* = we have achieved what we expected to date, and we believe that we will complete the annual target
- *Not on track* = we are behind our expectation for this target
- *Not applicable* = target not applicable for year or quarter

### Regional Leadership

#### Governance Performance measures for LTP 2021-31

Level of Service: <b>Maintain a Council of elected representatives in accordance with statutory requirements and in a manner that promotes effective decision-making, transparency, and accountability to the West Coast regional community</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Number of public meetings held and individual Councillor attendance	80% attendance by each Councillor of all Council and Resource Management Committee meetings, other scheduled meetings and scheduled workshops – <b>80%</b>	6 Councillors = 100% 1 Councillor = 89%	6 Councillors =100% 1 Councillor =75%	6 Councillors =100% 1 Councillor = 86%	100%
Timing and number of newsletters, and internet website based information related to public consultation	Twice per year	On track	Achieved	Achieved	Achieved
Percentage of Council and Committee meeting Agendas (for all scheduled meetings) that are available at least two working days before meetings	<b>New measure – 100%</b>	90% - 1 of 10 meetings.	100%	100%	75% *
Percentage of draft Council and Committee minutes available on the Council website within six weeks of meetings	<b>New measure – 100%</b>	100%	100%	100%	100%

\* Non-compliances:

1. Agenda one day late for R&A Committee meeting 24 May 2022 (sent Friday 20<sup>th</sup> instead of Thursday 19<sup>th</sup>)
2. Agenda one day late for Special Meeting 28 June 2022 (sent out Thursday 23<sup>rd</sup> June 2022 instead of Wednesday 22 June 2022)



Mana Whakahone a Rohe Agreement Aligned Performance measures for LTP 2021-31

Level of Service: <b>Continue to support the contribution our two West Coast Runanga make to Council’s decision-making processes; and continue to seek contributions from other Māori</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Attendance of Iwi appointees at Resource Management Committee meetings	80% attendance by each Iwi representative of all Resource Management Committee meetings and workshops.	1 representative = 66% 1 representative = 33%	Both representatives = 66%	1 representative = 100% 1 representative = 50%	(4 meetings total) 1 representative = 75% 1 representative = 50%
All RMA submissions made by Council reviewed by Iwi	<b>New measure - All</b>	All	All	All	All
Number of non-RMA submissions made by Council reviewed by Iwi	<b>New measure – 75%</b>	N/A	100%	100%	100%
Council to fund Pokeka Poutini o Ngai Tahu Limited*	<b>New measure – 100%</b>	0%	-0%	75%**	75%**

\*As per Schedule 2 of Mana Whakahono o Rohe Agreement signed October 2020.

\*\* A funding agreement is in place – working with Pokeka to get good processes in place for this to occur.

**All RMA submissions made by Council reviewed by Iwi:** PNT One RMA submission, on the National Adaptation Plan, was lodged in the fourth quarter. The draft submission was sent to PNT asking them if they wanted to have input.

**Number of non-RMA submissions made by Council reviewed by Iwi:** Two non-RMA submissions were lodged in the fourth quarter, on “Managing exotic afforestation incentives: a discussion document on proposals to change forestry settings in the New Zealand Emissions Trading Scheme”, and “Space Invaders: Te Kaitiaki Taiao a Te Whare Pāremata: SA review of how New Zealand manages weeds that threaten native ecosystems”. These submissions were sent to PNT asking them if they wanted to have input.

## Regional Planning Performance measures for LTP 2021-31

The following levels of service and measures have been developed to monitor Council's performance in Regional Planning.

Level of Service: <b>Council's planning and reporting functions meet statutory requirements and demonstrate sound business planning</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Compliance with statutory timeframes	Meet statutory deadlines for notifying the Council's Annual Plan or Long-Term Plan, and the Annual Report each year, in accordance with Local Government Act 2002. <b>(Annual Plan 30 June, Annual report 31 December**)</b>	On track	Not achieved***	N/A	Achieved
Council's LTP, Annual Plan and Annual reports meet audit requirements	<b>New measure</b> – (Unqualified audit opinion achieved for LTP and Annual report)	On track	Not achieved****	N/A	Achieved
Level of Service: <b>Complete Te Tai o Poutini Plan to operative stage, and ensure ongoing maintenance through TTPP Committee</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Order in council requirement to produce a combined district plan for the West Coast.  Te Tai o Poutini Plan to give effect to National and Regional legislation and Policy  Plan notified mid-2022, with the aim of submissions, hearings, mediation, and possible court processes complete in 2026	<b>New measure</b> - Draft plan available for feedback late January 2022  Proposed Plan notified July 2022  Submissions received and responded to late 2022	On track for all deliverables	Draft Plan delivered. On track for all other deliverables	Draft Plan delivered. On track for all other deliverables	Delivered Proposed TTPP on time and under budget 14 July 2022

\*\*On 8 July 2021, Parliament passed a Bill to extend by two months the statutory reporting time frames in the LGA for both the 2021 and 2022 financial reporting years.

\*\*\*Audit NZ has not met the statutory deadline of 31 December 2021 for audit of the Annual Report 2021.

\*\*\*\*The qualification of Annual Report 2020 is carried forward to the comparative figures for Annual report 2021.

## Community Resilience

### Civil Defence Emergency Management Performance measures for LTP 2021-31

Level of Service: <b>Maintain a Civil Defence Plan that delivers efficient and effective management of the region’s civil defence functions in compliance with the legislation.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Compliance with statutory requirements for the preparation, review and implementation of the Group CDEM Plan.	The CDEM Group has an operative and up to date CDEM Group Plan – <b>100%</b>	On track	On track	On track	Achieved
	The CDEM Group work programme makes adequate provision to maintain & implement the CDEM Group Plan – <b>(The CDEM Group work programme is monitored and reviewed quarterly by Joint Committee &amp; annually by CEEG)</b>	On track. Considerable response effort into Westport flooding.	On track	On track	Achieved. Work plan endorsed by CEG on 14 July 2022. Will be submitted to Joint Committee on 10 August 2022.
Appropriately trained staff	Ensure at least 30 Council staff are trained as Emergency Coordination Centre (ECC) personnel so that we have two shifts of ECC staff trained and exercised in case of a regional emergency - <b>&gt;30</b>	On track. <b>THREE Plus activation in July.</b> One CIMS training course held this quarter. Another planned for November.	On track <b>NINE</b> Partial activation in November 2021.	On track <b>FOUR</b> Activation in support of Buller twice in February 2022.	Achieved. Another <b>TWELVE</b> participated in training this Quarter.
	Staff are provided at least three training opportunities each year to learn about Emergency management and practice a coordination centre activation – <b>&gt;3</b> .	On track as above.	On track	On track	Achieved. <b>FIVE</b> courses available to staff in this quarter.
Level of Service: <b>Maintain a level of staff preparedness so that Council can respond to significant events in a timely manner.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Continuity Plan reviewed annually for relevance.	<b>New Measure – 100%</b>	On track.	On track	Not on track	Not on track

All Council vehicles have fitted with a Disaster kit.	<b>New Measure – 100%</b>	On track. Recommendation going to Executive on 1 November re costing and context of vehicle kits.	On track	On track. Procurement taking place	Partly achieved. Not all vehicles have standard kit.
Maintain a register of Natural Hazards that is available on the website	<b>New Measure - Reviewed annually</b>	On track.	On track	Work ongoing	Achieved. Also National Tsunami map will be available shortly.

## Resource Management

### Environmental Planning and Monitoring Performance measures for LTP 2021-31

Level of Service: <b>Complete current regional plans to operative stage and review them to maintain their community acceptability.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
<p>Compliance with statutory requirements for the review of Council's plans and strategies.</p> <p>Meet all deadlines set out in the West Coast Regional Council NPS-FM Progressive Implementation Programme.</p>	<p>Regional plans that give effect to the National Policy Statement for Freshwater management 2020 (NPS-FM 2020).</p> <p>Notify regional plans that implement the NPS-FM 2020 by 31 December 2024.</p> <p>NPS-FM 2020 is to be in place by 2026.</p> <p><b><i>(Respond to discussion documents on FW management. Work in partnership with Iwi)</i></b></p>	N/A Working towards this.	N/A Working towards this.	Not on track, delays due to other workload	Not on track, delays due to other workload
Level of Service: <b>Advocate for the West Coast interests when external environmental policymaking may affect the West Coast.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Number of submissions made and number of successful advocacy outcomes.	Submit on all central or local government discussion documents, draft strategies, policies or Bills that may impact on West Coast interests, within required timeframes – <b>100%</b>	100%	100%	100%	100%
Level of Service: <b>To monitor water quality in the West Coast's rivers</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4

Water quality attributes, including ammoniacal nitrogen, clarity, turbidity and faecal coliforms, are measured at 38 river sites <sup>1</sup>	Measurement of all relevant attributes at river monitoring sites <b>(Meet measurement baseline)</b>	On track	On track	On track	100%
<b>Level of Service: To maintain or enhance the water quality in Lake Brunner</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
The trophic state of Lake Brunner as measured by the rolling 5 year Trophic Level Index (TLI) mean remains below the baseline	2002-2006 TLI baseline mean of 2.79 <b>(TLI &gt;2.79)</b>	Not on track	Not on track	Not on track, 2.81	Not on track, 2.81
<b>Level of Service: To monitor the life supporting capacity and amenity value of the West Coast's rivers</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Instream macroinvertebrate community health is assessed at 29 river sites. <sup>2</sup>  The Semi Quantitative Macroinvertebrate Community Index (SQMCI) is calculated from a rolling 5 year mean and compared to mean calculated from 2005-2009, at each site	The SQMCI <sup>3</sup> comparisons are made annually according to the method stipulated under the measure – <b>(Meet baseline requirements)</b>	N/A Not tested this quarter	On track	N/A Not tested this quarter	N/A Not tested this quarter
Twenty swimming sites are tested, weekly or fortnightly <sup>4</sup> , for E coli or Enterococci, and the results compared to relevant national policy and guidelines	Bacterial testing at scheduled swimming sites is completed at least fortnightly from November to March and reported publicly within 5 days of testing – <b>(Meet baseline requirements)</b>	On track	On track	On track	N/A Not tested this quarter
	Test results are compared to following criteria: E coli (moderate-high risk > 550 cfu/100 ml) and Enterococci (moderate-high risk > 280 cfu/100 ml) – <b>(All exceedances are reported to the Resource Management Committee)</b>	N/A Not tested this quarter	On track	On track	N/A Not tested this quarter

<sup>1</sup> The suite of water quality attributes measured by WCRC will vary in response to the needs of central government policy and regional community needs. The number and location of sites will vary over time for the same reasons stated above.

<sup>2</sup> The suite of water quality monitoring sites used by WCRC will vary in response to the needs of central government policy and regional community needs.

<sup>3</sup> This macroinvertebrate index uses comparative samples of aquatic invertebrates to evaluate water quality, based on the type and tolerances of invertebrates (bugs) found at that site and how those communities of invertebrates may change over time. Some bug species are pollution tolerant while others are pollution sensitive, so the mix of species tells us a lot about the water quality at the site.

<sup>4</sup> The number and location of swimming/bathing monitoring sites used by WCRC, and the frequency that they are sampled at, will vary in response to the needs of central government policy and regional community needs.

Level of Service: <b>Monitor groundwater to protect human health from adverse impacts of poor groundwater quality.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
<p>Twenty eight wells <sup>5</sup> are monitored at least twice annually, 24 of which are used for human consumption.</p> <p>The New Zealand Drinking Water Standard (NZDWS) for nitrate is applied to wells used for human consumption: 11.3 mg/L Nitrate-N.</p>	<p>Twenty eight wells are monitored at least twice annually – <b>(Meet baseline requirements)</b></p>	On track	On track	On track	On track
	<p>For each well compare the most recent 12 months of data to the NZDWS Nitrate-N guideline and report twice yearly to the Resource Management Committee – <b>(Meet baseline requirements)</b></p>	N/A Not tested this quarter	On track	On track	On track
Level of Service: <b>To protect human health from any adverse impacts of poor air quality in Reefton.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
<p>Reefton’s air is monitored for PM<sub>10</sub> in accordance with the National Environmental Standard for Air Quality (NESAQ)</p>	<p>The threshold is a 24hr mean PM<sub>10</sub> of 50 micrograms/m<sup>3</sup>. <b>(All exceedances are reported to the Resource Management Committee)</b></p>	On track. No exceedances this quarter	N/A Not tested this quarter	N/A Not tested this quarter	On track. One exceedance this quarter

<sup>5</sup> The number and location of monitoring wells used by WCRC, and the frequency that they are sampled at, will vary in response to the needs of central government policy and regional community needs.

Consents and Compliance Performance measures for LTP 2021-31

Level of Service: <b>Compliance with the consent processing timeframes in the RMA and mining legislation.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Compliance with discounting regulations and mining timeframes	Process all resource consent applications without incurring any cost to Council due to the RMA discounting regulations – <b>100%</b> .	100%	100%	100%	100%
	Process all resource consent applications within statutory timeframes – <b>100%</b> .	100%	100%	100%	100%
	Process all mining work programmes within 20 working days – <b>100%</b> .	100%	100%	100%	100%
Level of Service: <b>Respond to all genuine incident complaints received by the Council and take enforcement action where needed.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Operate a 7.00 am – 9.00 pm complaints service	Respond to all urgent / high risk complaints within 24 hours – <b>100%</b> .	100%	100%	100%	100%
	Non-urgent medium/high risk complaints within 10 working days, and non-urgent low risk desktop response only – <b>100%</b> .	100%	100%	100%	100%
Level of Service: <b>Respond to marine oil spills in coastal waters</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
In accordance with the Tier 2 Oil Spill Response Plan and maintain readiness for spill response.	Respond within 4 hours to all spills, using Council or MNZ spill equipment to contain spills – <b>100%</b> .	100%	100%	100%	100%
	10 staff are trained responders ( <b>10 Or more</b> )	13 staff are trained	13 staff are trained	13 staff are trained	13 staff are trained
Level of Service: <b>To monitor the impact of discharges on water quality in the West Coast's rivers</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Compliance Monitoring for Discharges: The number of compliant or non-compliant point source discharges to water or discharges likely to enter water; and council's	All significant consented discharges <sup>6</sup> are monitored at least annually – <b>100%</b> .	On track	On track	On track	Not achieved (see below)
	All dairy farms that operate under permitted activity at least bi-annually depending on each individual compliance record – <b>100%</b> .	On track	On track	On track	Not achieved 264 farm inspections <b>26</b> short of the target.

<sup>6</sup> Significant Consented Discharge includes: any consented discharge from a municipal sewage scheme or landfill, any consented discharge from a working mine site, any consented discharge of dairy effluent to water, and any large-scale industrial discharge (WMP, Kokiri).

response to any non-compliance.	All non-compliances are publicly reported to the Resource Management Committee (RMC) – <b>100%</b> .	100%	100%	100%	100%
	Enforcements reported to RMC – <b>100%</b> .	100%	100%	100%	100%

**Level of Service: To provide marine oil spill and terrestrial hazardous substance spill support, and biosecurity response services for Maritime NZ, Ministry for Primary Industries and the Regional Council.**

Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Availability of trained staff	At least 10 staff available as a response unit for marine and terrestrial pollution spill events as advised by Maritime NZ - <b>10 or more</b>	13 staff are trained	13 staff are trained	13 staff are trained	13 staff are trained
	Have 4 staff plus a vehicle available for biosecurity emergencies, as per the National Biosecurity Capability Network agreement 2011. - <b>4</b>	On track	On track	On track	On track

**Level of Service: Maintain the Consents and Compliance functions of Council in a manner that promotes effective decision-making, transparency, and accountability to the West Coast regional community**

Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Bond release within four months of surrender or at the conclusion of mining	<b>New measure - 100%</b>	100%	100%	100%	100%
Annual inspection of all Whitebait stands on Little Wanganui, Taramakau, Hokitika, Wanganui, Paringa, Haast and Waiaototo Rivers	<b>New measure - 100%</b>	On track	Not achieved – Little Wanganui not inspected	N/A – outside WB season	N/A – outside WB season
Annual assessment of farm compliance in the Lake Brunner catchment.	<b>New measure - 100%</b>	On track	On track	On track	100%
Inspect new consents that involve major construction works within 1 month of the project commencing	<b>New measure - 100%</b>	100%	100%	100%	\$100



## Regional Transport

### Regional Transport Performance measures for LTP 2021-31

Level of Service: <b>Maintain a Regional Land Transport Plan in accordance with relevant legislation reflecting West Coast issues and opportunities</b>					
Measure	Baseline	Targets			
		Q1	Q2	Q3	Q4
An operative Regional Land Transport Plan	Compliance with statutory requirements for the preparation, review and implementation of the Regional Transport Plan - <b>100%</b>	On track	Achieved	Achieved	Achieved
Level of Service: <b>Maintain a Regional Public Transport Plan in accordance with relevant legislation.</b>					
Measure	Baseline	Targets			
		Q1	Q2	Q3	Q4
An operative Regional Public Transport Plan	Compliance with the statutory requirements for the preparation, review and implementation of the Regional Public Transport Plan - <b>100%</b>	Achieved	Achieved	Achieved	Achieved

## Hydrology and flood warning services

### Hydrology and Flood Warning Performance measures for LTP 2021-31

Level of Service: <b>24hr Flood Warning Service for 6 key rivers on the West Coast; Karamea Rv, Mokihinui Rv, Buller Rv, Grey Rv, Hokitika Rv, Waiho Rv.</b>					
Measure	Baseline	Under review			
		Q1	Q2	Q3	Q4
Staff response to high flow events.	Deliver flood warning alerts as required in accordance with the Flood Warning Manual - <b>100%</b>	100%	100%	100%	85%*
Availability of information about high flow events.	River level data available on the Council website for the 6 key rivers on the West Coast (updated 12 hourly, or 3 hourly during flood events) <b>&gt;90%</b>	100%	100%	100%	100%

\*An early flood alert on the Hokitika River went unheard by a staff member during this period. Later alerts were picked up and a procedure has been introduced to rectify the problem.

## River, drainage and coastal protection work

### Flood protection, drainage and erosion control Performance measures for LTP 2021-31

Level of Service: <b>Meet or exceed the flood protection, drainage or erosion protection levels as described in the 'levels of service – background' section above.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Completion of 25 rating district inspections, works reports, and consultation meetings	Complete all asset inspections of rating districts - <b>100%</b>	On track	Under review	Under review	To begin in August
	Complete all works reports for rating districts where material works are proposed - <b>100%</b>	On track	Under review	Under review	Progressing
	Hold meetings with all rating district annually or as agreed with the spokesman of the liaison committee - <b>100%</b>	On track	Under review	Under review	To begin in August
	Perform all capital and maintenance works as agreed in the annual work programme - <b>100%</b>	On track	Under review	Under review	To begin after inspections
Proportion of schemes performing to their agreed service level.	Monitor all rating district infrastructural assets to ensure they perform to the service level consistent with the Asset Management Plan of each Rating District - <b>100%</b>	On track	Under review	Under review	20%
Meet timeframes for plan review	Review Rating District Asset Management Plans every third year or earlier where information indicates a significant change from what is stated in the asset management plan.	NA	NA	NA	NA

### Quarry Production Performance measures for LTP 2021-31

Level of Service: <b>Ensure efficient and effective management and safe operation of Council's quarries, delivering rock to any customers within ten working days with priority given to Council rating district customers.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Timing of delivering on rock requests.	Deliver on requests for rock within two weeks, and ensure sufficient stockpiled rock is available where practical – <b>100%</b>	On track	Under review	Under review	Under review
Number of site inspections to monitor contractor health and safety and performance	Visit each active quarry site, when contractors are working the quarry (where possible), to	On track	Under review	Under review	Under review

	ensure health and safety standards and other permit requirements are being adhered to – <b>Twice annually</b>				
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## Vector Control Business Unit

### VCS Performance measures for LTP 2021-31

Level of Service: <b>To produce a financial surplus (to offset general rates) by tendering for and delivering on vector control and other contracts.</b>					
Measure	Baseline	Targets 2022			
		Q1	Q2	Q3	Q4
Achieve or exceed budgeted financial return	Tender for, and win, sufficient contracts to provide or exceed the annual budgeted return to Council. ( <b>Above adopted budget</b> )	Not on track to achieve the adopted annual budget	On track to achieve the adopted annual budget	On track to achieve the adopted annual budget	On track to achieve the adopted annual budget

<b>Report to:</b> Risk and Assurance Committee	<b>Meeting Date:</b> 28 July 2022
<b>Title of Item:</b> Local Government Official Information and Meetings Act 1987 - Summary of Requests	
<b>Report by:</b> Toni Morrison, Policy and Planning Consultant	
<b>Reviewed by:</b> Heather Mabin, Chief Executive	
<b>Public excluded?</b> No	

## Report Purpose

For the Committee to note the requests for information received under the Local Government Official Information and Meetings Act 1987.

## Report Summary

Staff provide a report quarterly to the Risk and Assurance Committee on requests received under the Local Government Official Information and Meetings Act 1987, for the Committee's information. Below is a summary of requests received in the period 1 April to 30 June 2022.

## Recommendation

It is recommended that :

1. *the Committee note the requests received under the Local Government Official Information and Meetings Act 1987.*

## Report

A summary of enquiries received and responded to for the period 1 April to 30 June 2022 is set out below.

Request No:	Date received:	Information Sought	Result
<a href="#">REQ-2022-2548</a>	22/04/2022	Information request in relation to climate change & biodiversity	Information provided
<a href="#">REQ-2022-2554</a>	01/05/2022	Information request for parking fines	Response provided – not a Council function
<a href="#">REQ-2022-2563</a>	12/05/2022	Information request regarding Ngakawau River water quality	Information provided
<a href="#">REQ-2022-2564</a>	12/05/2022	Information on building systems	Request transferred to District Council
<a href="#">REQ-2022-2567</a>	16/05/2022	Information regarding mining company's resource consents	Information provided
<a href="#">REQ-2022-2581</a>	27/05/2022	Information request in relation to the Civil Defence Emergency Management review process and implementation	Some information provided (partially withheld for confidentiality reasons)
<a href="#">REQ-2022-2590</a>	02/06/2022	Information about groundwater bores and wells around Reefton	Information provided
<a href="#">REQ-2022-2588</a>	07/06/2022	Media communications information	Some information provided (partially withheld for confidentiality reasons)
<a href="#">REQ-2022-2589</a>	03/06/2022	Hokitika seawall extension monitoring information	Information provided
<a href="#">REQ-2022-2602</a>	03/06/2022	Evacuation plan for Westport	Information provided

<b>Report to:</b> Risk & Assurance Committee	<b>Meeting Date:</b> 25 <sup>th</sup> July 2022
<b>Title of Item:</b> Report on Council IT progress and budgets	
<b>Report by:</b> Daniel Jackson, consultant	
<b>Reviewed by:</b> Marc Ferguson, Acting Corporate Services Manager	
<b>Public excluded?</b> No	

## Report Purpose

The purpose of this report is to update the Committee on progress and budget spend in making Council's IT fit for purpose, to address the need to resolve long standing issues and bring Council's IT to a standard and supportable level.

## Report Summary

The current programme of work to bring Council's current IT systems up to date and ensure they are fit for purpose is on target and within budget.

## Recommendation

**It is recommended that Committee resolve to:**

1. *Receive this report.*

## Issues and Discussion

### Background

At the November 2022 meeting of Council, Council determined to:

*Approve an unbudgeted spend of up to \$250,000 for the 2022 year and that the mechanism for funding is worked through by the treasury management team.*

### Current situation

Current I.T spend is tracking to plan. Progress is as follows:

- Authority Upgrade was completed on time and agreed budget (\$116,888)
- Security Audit \$19,320 - completed
- IRIS Upgrade \$7000 - completed
- Hardware upgrade (Server Upgrades and Software patches and licencing for new tenancy) \$28000
- Security upgrades complete \$ 9000

The total spend is \$180K.

At this stage we believe that we are tracking under expected spend but have made good progress particularly with the Authority upgrade (Completed), security audit (completed) and hardware upgrades and patching ahead of schedule (Mostly completed).

IT RAC Report - April				
	Date for completion	On Track	Budget	Spend to Date
IRIS Upgrade	Completed	Yes	0	7000
Authority Upgrade	Completed	Yes	100,000	99,678
Authority Project Mgt Costs	Completed	Yes	50,000	50,000
IT Hardware Upgrade	Over 4 Years	Yes	250,000	28,000
IT Roadmap	Nov 22	No	50,000	50,000
Help Desk Upgrade	Nov 22	Yes	30,000	0
Business Analyst	TBD	Not budgeted in 2022/3	24,000	0
Security Review	Completed	Yes	18,000	19,320
Security Upgrades	Completed	Yes	Unknown	9000

## Considerations

### Implications/Risks

The key risks identified are as follows:

**Financial** – the potential financial impact of Council’s inability to provide services due to IT failures is unknown but would exceed the cost of implementing the proposed solutions.

**System failure through Implementation** – There will be risks in carrying out some of these solutions primarily around application (IRIS and Authority), any changes or upgrades to systems, particularly older systems, risks potential issues with data, reports and staff training.

**Reputational risk** - It is critical that Council mitigate any reputational risk due to Council’s inability to provide services to the community in a timely and effective manner. This includes Council’s ability to develop and enhance its current services as technology progresses and changes.

### Significance and Engagement Policy Assessment

There are no issues within this report which trigger matters in this policy.

**THE WEST COAST REGIONAL COUNCIL**

To: Chair, Risk and Assurance Committee

I move that the public be excluded from the following parts of the proceedings of this meeting, namely, -

- Items 10.1 – 10.6 (inclusive)

<b>Item No.</b>	<b>General Subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 7 of LGOIMA for the passing of this resolution</b>
10.1	Confirmation of Confidential Minutes – R&A C meeting 24 May 2022	The item contains information relating to commercial, privacy and security matters	To protect commercial and private information and to prevent disclosure of information for improper gain or advantage (s 7(2)(a), s7(2)(b) and s7(2)(j)).
10.2	Health & Safety report	The item contains information relating to privacy and security matters	To protect private information and to prevent disclosure of information for improper gain or advantage (s 7(2)(a) and 7(2)(j)).
10.3	Health & Safety at Work Roles & Duties	The item contains information relating to privacy and security matters	To protect private information and to prevent disclosure of information for improper gain or advantage (s 7(2)(g))
10.4	Contract Matters	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.5	Consultants	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.6	Working Capital Report	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.7	Regional Software Holdings Limited - Deemed Dividend Final advice	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.8	IRIS NextGen Programme	The item contains information relating to commercial matters	To protect commercial information (s 7(2)(b)).
10.9	EPA Enquiry Report	The item contains information relating to legal compliance	To avoid prejudice to the maintenance of the law

I also move that:

- Heather Mabin, Kim Hibbs, Daniel Jackson, and Marc Ferguson be permitted to remain at this meeting after the public has been excluded, because of their knowledge on these subjects. This knowledge will be of assistance in relation to the matter to be discussed; and
- The Minutes Clerk also be permitted to remain at the meeting.