



# **AGENDA**

## **Audit and Risk Committee Meeting Friday, 2 June 2023**

**Date: Friday, 2 June 2023**

**Time: 9.30 am**

**Location: Ngā Hau e Whā, William Fraser Building, 1  
Dunorling Street, Alexandra**

(A link to the live stream will be available on the Central Otago District Council's website.)

**Louise van der Voort  
Interim Chief Executive Officer**



Notice is hereby given that an Audit and Risk Committee meeting will be held in Ngā Hau e Whā, William Fraser Building, 1 Dunorling Street, Alexandra and live streamed via Microsoft Teams on Friday, 2 June 2023 at 9.30 am.

The link to the live stream will be available on the Central Otago District Council's website.

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**Members** Ms L Robertson (Chair), Cr T Alley, His Worship the Mayor T Cadogan, Cr N Gillespie, Cr T Paterson

**In Attendance** L van der Voort (Interim Chief Executive Officer), S Righarts (Group Manager - Business Support), D Rushbrook (Group Manager - Community Vision), D Scoones (Group Manager - Community Experience), W McEnteer (Governance Manager)

**1 APOLOGIES**

**2 PUBLIC FORUM**

**3 CONFIRMATION OF MINUTES**

Audit and Risk Committee meeting - 24 March 2023



**MINUTES OF CENTRAL OTAGO DISTRICT COUNCIL  
AUDIT AND RISK COMMITTEE  
HELD IN NGĀ HAU E WHĀ, WILLIAM FRASER BUILDING, 1 DUNORLING STREET,  
ALEXANDRA  
AND LIVE STREAMED VIA MICROSOFT TEAMS ON FRIDAY, 24 MARCH 2023 AT 9.30 AM**

**PRESENT:** Ms L Robertson (Chair), Cr T Alley, His Worship the Mayor T Cadogan, Cr N Gillespie (via Microsoft Teams)

**IN ATTENDANCE:** S Feinerman (Observer), S Righarts (Group Manager - Business Support), D Rushbrook (Group Manager - Community Vision), D Scoones (Group Manager - Community Experience), L Fleck (General Manager – People and Culture), J Muir (Three Waters Director), P Keenan (Capital Projects Programme Manager), N McLeod (IS Manager), A Crosbie (Senior Policy Advisor), C Green (Water Services Accountant), R Ennis (Health, Safety and Wellbeing Advisor), D McKewen (Accountant), P Bain (Water Services Team Leader) and W McEnteer (Governance Manager)

## 1 APOLOGIES

### APOLOGY

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#### COMMITTEE RESOLUTION

**Moved:** Robertson

**Seconded:** Cadogan

That the apology received from Cr Paterson be accepted.

**CARRIED**

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## 2 PUBLIC FORUM

There was no public forum.

## 3 CONFIRMATION OF MINUTES

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#### COMMITTEE RESOLUTION

**Moved:** Robertson

**Seconded:** Cadogan

That the public minutes of the Audit and Risk Committee Meeting held on 15 December 2022 be confirmed as a true and correct record.

**CARRIED**

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## 4 DECLARATION OF INTEREST

Members were reminded of their obligations in respect of declaring any interests. There were no further declarations of interest.

## 5 REPORTS

Note: David Seath from Deloitte joined the meeting for item 23.1.2.

**23.1.2 AUDIT NZ AND INTERNAL AUDIT UPDATE**

To consider an update on the status of the external and internal audit programme.

After discussion it was noted that Council should be brought up to speed with the work being done at present via a report for their information. It was anticipated that this work would be completed to bring back to the June meeting.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Cadogan

That the report be received.

**CARRIED**

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**23.1.3 PROCUREMENT AUDIT**

To note that the final procurement audit from Deloitte has been received.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Cadogan

That the report be received.

**CARRIED**

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**23.1.4 PROGRESS IN THE PREPARATION OF THE 2024-34 LONG-TERM PLAN**

To receive an update on the progress in preparing the 2024-34 Long-term Plan.

After discussion it was agreed to send out the updates to Audit and Risk members in addition to Council members.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson

**Seconded:** Cadogan

That the Audit and Risk Committee:

- A. Receives the report and accepts the level of significance.
- B. Notes the progress in the preparation of the 2024-34 Long-term Plan.

**CARRIED**

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**23.1.5 POLICY AND STRATEGY REGISTER**

To consider the Policy and Strategy Register.

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After discussion it was agreed that staff should be in contact with Otago Regional Council to ensure that the Community Response Plans were in date and to report back to the June meeting with the outcome.

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#### **COMMITTEE RESOLUTION**

**Moved:** Robertson  
**Seconded:** Cadogan

That the report be received.

**CARRIED**

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#### **23.1.6 UPDATE ON THE THREE WATERS WORKS PROGRAM TO 30 JUNE 2024**

To consider an update on the Three Waters works program.

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#### **COMMITTEE RESOLUTION**

**Moved:** Robertson  
**Seconded:** Cadogan

That the report be received.

**CARRIED**

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#### **23.1.7 HEALTH, SAFETY & WELLBEING REPORT**

To provide the Audit & Risk Committee with an update on the health, safety and wellbeing performance of the organisation.

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#### **COMMITTEE RESOLUTION**

**Moved:** Robertson  
**Seconded:** Cadogan

That the report be received.

**CARRIED**

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#### **23.1.8 FINANCIAL REPORT FOR THE PERIOD ENDING 31 DECEMBER 2022**

To consider the financial performance for the period ending 31 December 2022.

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#### **COMMITTEE RESOLUTION**

**Moved:** Robertson  
**Seconded:** Cadogan

That the report be received.

**CARRIED**

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**6 CHAIR'S REPORT****23.1.9 CHAIR'S REPORT**

The Chair had nothing to report.

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**7 MEMBERS' REPORTS****23.1.10 MEMBERS' REPORTS**

To consider the members' reports.

His Worship the Mayor noted the road and footpath in Clyde that leads up the hill to the water plant does not have a sign to say it was closed. It was reported that the road was closed properly now.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson  
**Seconded:** Alley

That the reports be received.

**CARRIED**

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**8 STATUS REPORTS****23.1.11 MARCH 2023 GOVERNANCE REPORT**

To report on items of general interest and the current status report updates.

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**COMMITTEE RESOLUTION**

**Moved:** Robertson  
**Seconded:** Cadogan

That the report be received.

**CARRIED**

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**9 DATE OF THE NEXT MEETING**

The date of the next scheduled meeting is 2 June 2023.

**10 RESOLUTION TO EXCLUDE THE PUBLIC****COMMITTEE RESOLUTION**

**Moved:** Robertson  
**Seconded:** Cadogan

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

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<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 48 for the passing of this resolution</b>
<b>Confidential Minutes of Ordinary Board Meeting</b>	<p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p> <p>s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.1.12 - Water Services Update on Compliance Status</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.1.13 - Audit New Zealand Report To The Council on the 30 June 2022 Annual Report</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.1.14 - Strategic Risk Register</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for

	(including commercial and industrial negotiations)	which good reason for withholding would exist under section 6 or section 7
<b>23.1.15 - Litigation Register</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.1.16 - Cybersecurity, Information and Records Management, and Privacy Plans for 2022-2025 Implementation Update</b>	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.1.17 - March 2023 Confidential Governance Report</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**CARRIED**

The public were excluded at 10.58 am and the meeting closed at 12.32 pm.

## **4 DECLARATION OF INTEREST**

### **23.2.1 DECLARATIONS OF INTEREST REGISTER**

**Doc ID: 655822**

#### **1. Purpose**

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

#### **2. Attachments**

**Appendix 1 - Audit and Risk Declarations of Interest** [↓](#)

**Appendix 2 - Declarations of Interest - Linda Robertson** [↓](#)

<b>Name</b>	<b>Member's Declared Interests</b>	<b>Spouse/Partner's Declared Interests</b>	<b>Council Appointments</b>
Tamah Alley	Manuhierikia Irrigation Co-operative (shareholder) Oamaru Landing Service (OLS) (family connection) Cliff Care Ltd (family connection) Aviation Cherries Ltd (Director) Tenaya New Zealand Ltd (Director and Shareholder)	Manuhierikia Irrigation Co-operative Society Ltd (shareholder) Emergency Management Otago Group Controller (employee) Aviation Cherries Ltd (Director)	Alexandra Community House Trust Central Otago Wilding Conifer Control Group
Tim Cadogan	Business South Central Otago Advisory Group (member) Alexandra Squash Club (member)	Two Paddocks (employee) Alexandra Blossom Festival (committee)	Manuhierikia Exemplar Group Eden Hore Steering Committee Major Projects Reference Group Airport Reference Group
Neil Gillespie	Contact Energy (Senior Specialist - Hydro Sustainability) Clyde & Districts Emergency Rescue Trust (Secretary and Trustee) Cromwell Volunteer Fire Brigade (Chief Fire Officer) Cromwell Bowling Club (patron) Otago Local Advisory Committee - Fire Emergency New Zealand Returned Services Association (Member)		Tarras Hall Committee

Tracy Paterson	Matakanui Station (Director and shareholder) Matakanui Development Co (Director and shareholder) A and T Paterson Family Trust (trustee) A Paterson Family Trust (trustee) Central Otago Health Inc (Chair) Bob Turnbull Trust (Trustee / Chair) New Zealand Wool Classers Association (board member) Central Otago A&P Association (member) Maunherikia Exemplar Governance Group (member)	Matakanui Station (director and shareholder) Matakanui Development Co (director and shareholder) A Paterson Family Trust (trustee) A and T Paterson Family Trust (trustee) Federated Farmers (on the executive team) Omakau Irrigation Co (director) Matakanui Combined Rugby Football Club (Committee) Manuherikia Catchment Group (member) Omakau Domain Board Omakau Hub Committee (Chair) Manuherikia Valley Community Hub Trust (Trustee) Southern Cross Sheep Ltd (Director) Mt Stalker Ltd (Trustee) Mt Stalker Pastoral Ltd	Omakau Recreation Reserve Committee Ophir Welfare Association Committee Central Otago Health Incorporated
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2 June 2023

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## **5 REPORTS**

### **23.2.2 PROCUREMENT POLICY AUDIT UPDATE**

**Doc ID: 654567**

#### **1. Purpose**

To note that work has begun to update the Procurement Policy in line with audit findings and internal user feedback.

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#### **Recommendations**

That the report be received.

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#### **2. Discussion**

At the Committee's last meeting on 24 March 2023, the final report on the procurement audit was presented. At this meeting it was noted that resourcing this work was being worked through. Resourcing has now been confirmed and this work began at the beginning of May 2023, following the appointment of the Risk and Procurement Manager through a shared resource agreement with Waitaki District Council.

In addition to the desktop review to amend policy details for clarity and rationalise content, a number of engagement activities are being undertaken. Meetings are being held with activity managers and key users of the policy to discuss proposed changes and understand the existing barriers to effective procurement. The Executive Leadership Team is being consulted on policy content relating to threshold values and approval processes. Contact has been made with Aukaha to ensure their engagement in the policy update.

Following the engagement process, further changes to the policy will be considered and made as required, and supporting procedures will be defined along with relevant templates.

The policy will be submitted for endorsement by the Audit and Risk Committee in September 2023, along with the associated procedures for noting. Once the policy work is completed, the second recommendation from the audit will be addressed (a framework for improved oversight of procurement activities).

#### **3. Attachments**

**Nil**

Report author:

Reviewed and authorised by:



Amelia Lines  
Risk and Procurement Manager  
16/05/2023

Saskia Righarts  
Group Manager - Business Support  
17/05/2023

### 23.2.3 PROGRESS IN THE PREPARATION OF THE 2024-34 LONG-TERM PLAN

Doc ID: 650945

#### 1. Purpose of Report

To update the Committee on the progress in preparing the 2024-34 Long-term Plan.

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#### Recommendations

That the Audit and Risk Committee:

- A. Receives the report and accepts the level of significance.
  - B. Notes the progress in the preparation of the 2024-34 Long-term Plan.
- 

#### 2. Background

At the Committee's last meeting on 24 March, members received an update on progress.

Key activity included:

- 101 introductions to the Long-term Plan process undertaken with the new councillors.
- The district vision piece of work (from which new community outcomes will be developed) has received three waters better off funding and the project plan for this work has been approved.
- Two scene setting/what are the priorities workshops have been held with councillors. From these discussions a short list of priority areas has been agreed for further discussion at the April 2023 Council meeting.
- Councillors have had a workshop on the infrastructure strategy and provided direction on the vision and principles of the strategy.
- Councillors have had a workshop on bridges (one potential area of capital investment for the next ten years).
- Councillors have endorsed the approach to pre-engagement with the community, which will begin in April 2023.
- An organisational project manager has been appointed and will assist in the project management of the Long-term Plan.

#### 3. Discussion

Good progress has been made, and the programme is progressing according to the agreed timeline. The key actions undertaken since the Committee's last meeting include:

- 101 introductions to the Long-term Plan process have been undertaken with all new community board members.
- The Council and Community Boards workshopped their key priorities in May 2023.
- These key priorities were communicated to activity managers and will be incorporated into the development of the draft 2024-34 Long-term plan.
- Engagement requesting community ideas was open from 3 April – 1 May 2023. 58 ideas were received.
- The Council and Community Boards will consider the ideas in relation to their delegation during their May and June 2023 meetings.

## Timeline

An updated timeline is attached in **appendix 1**.

The next stage in the programme will focus on workshops with community boards and Council on the key priorities. The budget entry will begin in June with the overhead cost centres, with activity areas to be entered between July and September.

The Audit and Risk Committee will receive a programme update at their September meeting, with the current plan being that draft key policy and strategy documents will be provided at the December 2023 meeting.

Staff note following the Government announcement that there will be more water entities than originally proposed, and that the transfer of water assets and activity will occur after 1 July 2024, that advice (and the necessary legislative change) will be announced shortly. The 2024-34 Long-term Plan programme will be adjusted as required once the Government direction is known.

## 4. Attachments

### Appendix 1 - LTP timeline [↓](#)

Report author:



Christina Martin  
Project Manager - Organisational  
17/05/2023

Reviewed and authorised by:



Saskia Righarts  
Group Manager - Business Support  
17/05/2023



## 23.2.4 WASTEWATER COMPLIANCE UPDATE

Doc ID: 655901

### 1. Purpose

To consider work being undertaken to improve compliance with resource consents for wastewater treatment sites.

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### Recommendations

That the report be received.

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### 2. Discussion

Council has seven wastewater treatment plants located at Cromwell, Alexandra, Lake Roxburgh Village, Roxburgh, Omakau, Ranfurly and Naseby. The Omakau and Lake Roxburgh Village plants are operating within the consent limits. The remaining plants are operating under abatement notices.

The annual audit of wastewater treatment plants was undertaken by the Otago Regional Council (ORC) in January 2023. Several issues were identified during the audit which require action to address.

A standing report will be provided to future council meetings to provide councillors with a detailed outline of actions required and progress against these. This report provides a high-level overview of the operating environment that has led to these issues occurring, and changes being made to address these so that this situation does not re-occur.

The operating environment has been broken into the following sub-headings:

- Contract arrangements
- Council resourcing
- Regulatory requirements and monitoring
- Operational Funding
- Forward work planning

#### Contract Arrangements

Due to the original expected transition date of Three Waters to the new Water Services Entity on 1 July 2024, Council resolved to negotiate a two-year contract with the incumbent contractor of 13 years to continue to deliver physical work through to transition.

A new contract was prepared in consultation with Fulton Hogan Ltd with a negotiated price between January and June 2022. This new contract became effective on 1 July 2022 and applies to 30 June 2024, with potential for a further three one-year extensions.

The contract is a traditional model and is made up of lump sum items, unit rates, and dayworks. The scope of the contract relating to the wastewater systems includes but is not limited to:

- Planning, programming and undertaking of preventative / routine maintenance tasks to deliver cost-effective practices and provide value for money.
- Inspecting the network and facilities in accordance with the Maintenance Schedule.
- Inspection, maintenance and operation of wastewater treatment plants including screens, trickling filters, centrifuge, oxidation ponds, wetlands, imhoff tanks, UV systems, disposal systems and associated works and surrounds.
- Inspection, maintenance and operation of wastewater pumping stations.
- Routine and reactive maintenance of reticulation networks including pipes and manholes.
- Repairs to damaged wastewater pipes and manholes.
- Clearing of blocked wastewater pipelines.

Inspection, maintenance, and operation of the wastewater treatment plants is paid by a lump sum per month rate. Several issues have arisen with regards to delivery of expected work under the lump sum items.

To ensure the performance expectations of the contract and lump sum items are being met, a monthly audit schedule has been developed for treatment plants, reservoirs and pumpstations. This audit regime commenced on 1 May 2023. The internal resourcing to meet the increased audit oversight of the contract is equivalent to one full time staff member.

A report will be provided to Council by August to consider the extension of this contract.

### **Council Resourcing**

There is a national shortage of capable people to fill roles in the three waters industry, particularly in leadership roles.

Changes to council's executive structure resulted in the Infrastructure Department being split. Three Waters was separated from the executive structure to enable the then Executive Manager Infrastructure to focus on Central Otago District Councils response to the Government Water Reform program.

Subsequently the Infrastructure Executive Manager took on a regional role which resulted in 80% of their time being funded regionally, with 20% (1 day per week) funded by Central Otago District Council. In this day they provide oversight to delivery of three waters operational and capital works teams, and water reform matters related specifically to Central Otago District Council.

At the same time there has been significant additional work required to be undertaken by members of the water operations team relating to respond to:

- requirements of the 2020 Water Services Act. This required water safety plans for the nine council water supply networks to be rewritten and submitted in November 2022. A new water safety plan has subsequently been prepared for the new

combined Alexandra and Clyde water supplies. Water and sanitary services assessments are required to be prepared for all Central Otago communities by November 2024. A specific graduate role was added to the team in 2022 to support this workload, but the wider team are also required to contribute to these plans.

- requests for information and attendance at workshops for the Department of Internal Affairs Three Waters National Transition Unit (NTU). While staff time on the reform program is reimbursed by the NTU through transition funding, this does not meet the costs of backfilling roles with consultants. The Three Waters team staff time spent on transition activities between June 2022 and April 2023 equates to approximately half of a full-time equivalent role.
- changes to reporting requirements for drinking water that were introduced in November 2022 by Taumata Arowai and commenced in January 2023. These are requiring approximately half of a full-time equivalent role to deliver.

Councils Three Water Manager role recently became vacant. It is highly unlikely that council will be able to fill this role. There are several long-standing vacancies at this level across Otago.

One of the two three-waters engineers employed by council is leaving the district for family reasons, and advertising is underway for this position. There is a likely to be a period of 2-3 months between the existing person leaving and filling the role.

Several staff have planned extended leave over the next six months due to the reduced covid risk associated with international travel. This is going to put additional pressure on resourcing between July and November.

#### Addressing Resourcing Need

To address the vacant Three Waters Manager role, a change in structure has been implemented. The Senior Water Engineer role has been changed to an Operations Team Leader and is now reporting to the Capital Works Program Manager. The Senior Water Planner and the Compliance and Customer Team Leader reporting lines have been changed to the Regional Three Waters Director.

Funding for the Three Waters Managers role is being reallocated to alternative resourcing.

Discussions are occurring regarding enabling the Regional Three Waters Director to provide leadership to the Three Waters Team four days a week until November 2023. This will be reviewed once clarity regarding the direction of water reform is provided.

A Three Waters Support officer is being recruited to enable reallocation of administrative workloads from technical staff.

\$120,000 of funding received from the NTU for staff time is being used to implement a software solution which will drastically reduce the amount of staff time used for reporting on drinking water compliance requirements. This software is widely used across New Zealand and is scheduled to be implemented by September.

A further technical support role to provide backfill while staff take leave, to provide support until the software for water performance reporting is implemented, support transition workload and further regulatory compliance requirements is being considered. This role can be funded from transition funding.



Recruitment of an additional operations engineer is required to meet the increased contract management audit workloads.

Following re-allocation of existing remuneration budgets, and consideration of transition funding, an increase in operating budget of \$180,000 is required to meet remuneration and direct overhead costs for the increased Three Waters staffing levels required to meet workloads.

### **Regulatory Requirements and Monitoring**

Central Otago District Council holds 43 consents for Three Waters operational activities and six for capital projects. In 2021 the ORC implemented a new monitoring and auditing approach to ensure it delivers against its statutory requirements. Central Otago District Council is required to meet the ORC monitoring costs for the consents it holds.

The annual cost of monitoring has increased from \$11,000 in 2020/21 which was used as a basis for setting the 2021 Long Term Plan budgets, to \$26,000 in 2021/22 and \$33,600 has been spent to date in 2022/23 with further charges expected before the end of the financial year.

Council funded an additional role commencing in 2021/22 to address shortcomings in reporting requirements under ORC consents. This has enabled council to meet its reporting requirements under the consents and improve the relationship with ORC compliance and monitoring staff.

The level of audit has increased however, and this is requiring a higher level of response from council staff. Increased time is required to respond to queries, provide documentation, and updating operations manuals.

Stormwater infiltration has been identified as an issue on Ranfurly, Cromwell, and Alexandra wastewater networks. The consents for these sites require council to investigate and address instances of cross connection of stormwater to the wastewater pipes on private properties.

Council enforcement staff working within the Regulatory Services Team do not have capacity to undertake this work, and there is insufficient resource capacity and enforcement capability in the Three Waters team for this. Additional resourcing is required in the enforcement team to follow-up on stormwater infiltration, tradewaste requirements, and backflow prevention.

### **Operational Funding**

While operational expenditure for wastewater is largely tracking to budget, the budgets for periodic removal of sludge from different sites has required funding to be bought forward.

Council approved \$500,000 of funding to be bought forward on 25 January 2023 to progress sludge removal at Roxburgh. This work is being tendered, with a contract expected to be awarded in October.

Further work will be required to remove sludge from wetlands at Ranfurly and then replant the wetlands. Fulton Hogan have provided a cost range of \$225,000 – \$1.1million depending on requirements for sludge disposal. The removal of sludge from the Ranfurly wetland could potentially be incorporated into the Roxburgh sludge removal contract.

Once the disposal requirements for the Ranfurly sludge have been confirmed, then options for progressing this work will be provided to council. This work will need to be progressed

within the 2023/24 financial year and is likely to require an increase to existing sludge management budgets.

### Forward Capital Work Planning

The Water Services Entities Act was adopted in December 2022. This Act transfers the responsibility for the planning and delivery of services to four new water entities from 1 July 2024.

The NTU have been leading the development of asset management plans for the 30-year period from 1 July 2024 for the four new water entities. Individual councils submitted the second draft of the 30-year future infrastructure requirements and associated costs to the NTU on 31 March 2023.

On the 13 April 2023 the Government announced a reset of the Water Reform program. The reset extends the transition date to the new Water Entity from 1 July 2024 to between 2025 and 1 July 2026. This means the basis on which the draft 2024 Plan has been prepared has changed. Councils will now continue to fund and deliver three waters for up to a further two years, and potentially longer depending on the outcome of the general election.

Information regarding the statutory requirements for inclusion of Three Waters in the 2024 Long Term Plans and asset management plan to support this reset in transition date is expected in June.

It is anticipated that the proposed timing of improvement projects in the NTU plan will be changed by council through the Long-Term Plan process to reflect affordability and deliverability constraints. There will be additional work for staff to prepare budgets and an asset management plan for council, however the extent of this will not be understood until further guidance is provided in June.

Staff have been preparing business cases to support the case for funding of infrastructure upgrades required to meet level of service, growth, and renewal needs. The level of service investment is largely driven by known and expected regulatory compliance requirements.

The Alexandra and Omakau wastewater business cases are now well advanced and will be presented to Council in September 2023. The Cromwell wastewater business case will commence in July.

The following table identifies the cost estimates for wastewater treatment upgrades that have been programmed in the next ten years in the capital works programme submitted to the NTU.

Location	Primary Drivers	Rough order costs for future upgrade
Omakau	Site is flood prone, discharges to Manuherekia River, resource consent expires in 2027	Approx. \$26 million
Alexandra	Equipment is at the end of its life, there is only one processing line so no resilience for breakdowns, limited remaining capacity for growth and remaining Clyde reticulation. Consent expires in 2038, discharges to Clutha Mata-au River,	Approx \$85 million – \$110 million

Cromwell	Nitrogen limits being breached during autumn and winter, future increased plant capacity required.	Approx, \$5 million – \$20 million
Roxburgh	Nitrogen limits being breached in winter months.	Approx. \$2 million
Naseby and Ranfurly	The age and condition of the wavebands means operational repairs are no longer cost effective and renewal is a more cost-effective long-term solution.	Approx \$1 million

Further upgrades may be recommended for the Naseby and Ranfurly wastewater treatment sites once consultant reviews are completed. This work would be programmed into the 2024 Long Term Plan as it would not be able to be designed, consented and constructed within the next financial year.

**3. Attachments**

Nil

Report author:

Reviewed and authorised by:




Philippa Bain  
 Water Services Customer and  
 Compliance Team Leader  
 22/05/2023

Julie Muir  
 Three Waters Director  
 22/05/2023

## 23.2.5 UPDATE ON THE THREE WATERS WORKS PROGRAM TO 30 JUNE 2024

Doc ID: 655122

### 1. Purpose

To consider an update on the Three Waters works program.

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### Recommendations

That the report be received.

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### 2. Discussion

Council staff are continuing to progress the work approved by Council on 25 January 2023.

At the 25 January 2023 Council meeting, Council also approved the procurement of several projects by tender. An update on the estimated timeline for tendering is outlined below:

Project	Location	Work Description	Tender
Water Pipe Renewals	District	Replacement of water pipes.	March 2023
Wastewater Generators	District	Generators for 5 critical wastewater sites.	April 2023
Wastewater Pipe Renewals	District	Replacement of wastewater pipes.	May 2023
Cromwell Water Rising Main	Cromwell	Construction of a new dedicated rising main to the existing reservoir.	<del>May 2023</del> June 2023
Continuous Monitoring Devices	District	Supply and Installation of Continuous Monitoring Devices.	June 2023
Bridge Hill Water Main	Alexandra	Replacement of water main.	July 2023
Roxburgh Wastewater Treatment Plant Sludge Removal	Roxburgh	Sludge removal at the Roxburgh Wastewater Treatment Plant.	<del>June 2023</del> August 2023
Lake Roxburgh Village Wastewater Treatment Plant Upgrade	Roxburgh	Upgrades to wastewater treatment plant.	October 2023
Cromwell Water Treatment Plant	Cromwell	Construction of a new water treatment plant.	TBC

The Cromwell water rising main tender has slipped by one month, but is still on track for delivery by June 2024. Consultants Beca are working on options for the disposal of sludge from Roxburgh which may require a resource consent. Beca are liaising with the Otago Regional Council on this and provided consent is issued quickly then we expect to be able to have this contract awarded in October.

The material lead-in time for the continuous monitoring devices is 12 to 24 months. Staff are investigating options for procurement and staging of this work to enable the operational cost saving benefits to be recognised earlier as materials become available.

The water pipe renewals tender opened on 30 March and closed on 26 April 2023. Tender were able to be submitted through two different on-line systems, Tenderlink, and GETS. Council's project staff have access to tenders in Tenderlink. Tenders submitted using GETS are required to be accessed by a designated tender secretary which is typically undertaken by the Risk and Procurement Officer.

Due to a lack of familiarity with the GETS system, the person covering this role was not aware that they needed to enter the system to unlock the tenders for evaluation. Consequently, five tenders submitted through GETS were not included in the initial evaluation process. This issue was identified subsequently during a conversation with one of the five contractors who submitted using GETS.

A separate evaluation team was then established to undertake a new evaluation of all eight tenders, made up of members who did not have any knowledge of the initial evaluation process. This required the use of external consultants along with a council operations engineer. This tender is now in its final stages of due diligence before award.

The wastewater generators tender commenced on 26 April and is due to close on 24 May 2023. Council has received a high level of interest in this tender.

### Summary of Capital Spend on Three Waters

Project	Approved Budget 2022/23	YTD Spend April 2023	Variance to Approved Budget 2022/23	Approved Budget 2023/24	Total Estimated Spend to 30 June 2024
<b>Three Waters Total</b>	<b>25,182,549</b>	<b>20,713,181</b>	<b>4,469,368</b>	<b>28,817,214</b>	<b>53,999,763</b>

<b>Stormwater Total</b>	<b>380,000</b>	<b>88,916</b>	<b>291,084</b>	<b>2,270,000</b>	<b>2,650,000</b>
Pipe Renewals	380,000	84,312	295,688	380,000	760,000
Network improvements	0	4,604	-4,604	1,890,000	1,890,000

<b>Wastewater Total</b>	<b>9,098,200</b>	<b>8,196,060</b>	<b>902,140</b>	<b>7,717,844</b>	<b>16,816,044</b>
Alexandra Network Upgrades with Developments	10,000	0	10,000	10,000	20,000
Cromwell Network Upgrades with Developments	23,539	0	23,539	20,000	43,539
Alexandra Treatment Plant Upgrades	275,000	534,667	-259,667	710,000	985,000
Clyde Reticulation	3,627,762	3,727,704	-99,942	0	3,627,762
Clyde Main Pump Station	1,233,794	1,290,295	-56,501	0	1,233,794
Cromwell Treatment Plant Future Works	0	863	-863	200,000	200,000
Influent and Effluent Monitoring Devices	20,000	29,075	-9,075	250,000	270,000
Treatment Screens	100,000	99,562	438	0	100,000
Pumpstation Flow Meters	210,000	96,028	113,972	170,000	380,000
Lake Roxburgh Village Treatment Plant Upgrade	100,000	56,846	43,154	800,000	900,000
Omakau Treatment Plant Upgrades	0	0	0	0	0
Roxburgh Treatment Plant Improvements	0	1,979	-1,979	101,734	101,734
Earnsclough Road Pumpstation Upgrade	0	1,107	-1,107	360,000	360,000
Generators	800,000	311	799,689	0	800,000

Dunorling Street Pumpstation Storage Upgrade	1,500,000	907,947	592,053	0	1,500,000
Point Renewals	135,785	66,254	69,531	135,785	271,570
Pipe Renewals	120,624	84,097	36,527	2,267,235	2,387,859
Plant Renewals	191,696	242,602	-50,906	243,090	434,786
Cromwell Growth Upgrades	750,000	1,056,723	-306,723	2,450,000	3,200,000

<b>Water Supply Total</b>	<b>15,704,349</b>	<b>12,428,205</b>	<b>3,276,144</b>	<b>18,829,370</b>	<b>34,533,719</b>
Alexandra Network Upgrades with Developments	90,000	0	90,000	30,000	120,000
Cromwell Network Upgrades with Developments	45,000	0	45,000	45,000	90,000
Backflow Prevention	315,020	35,277	279,743	400,000	715,020
Bannockburn Reservoir Power Supply	75,000	0	75,000	0	75,000
Bannockburn Pipeline	250,000	28,208	221,792	0	250,000
Cromwell Pisa Reservoir and Rising Main	0	0	0	100,000	100,000
Cromwell Rising Main	350,000	367,179	-17,179	6,000,000	6,350,000
Cromwell Treatment Plant Upgrade	400,000	139,421	260,579	4,200,000	4,600,000
Dunstan Flats Reticulation	0	0	0	94,532	94,532
Lake Dunstan Water Supply	10,224,422	9,937,999	286,423	0	10,224,422
Omakau Treatment Plant Upgrade	100,000	55,987	44,013	150,000	250,000
Patearoa Treatment Plant Upgrade	100,000	38,338	61,662	0	100,000
Ranfurlly Treatment Plant Upgrade	100,000	60,041	39,959	0	100,000
Roxburgh Source Investigation	6,352	0	6,352	300,000	306,352
Valve Upgrades	245,990	12,874	233,116	0	245,990
Demand Management	150,000	0	150,000	0	150,000
Patearoa Upgrades	0	0	0	0	0
Naseby Treatment Plant Upgrades	150,000	64,656	85,344	0	150,000
Bridge Hill Main	300,000	159,643	140,357	3,700,000	4,000,000
Pipe Renewals	1,228,726	639,006	589,720	820,721	2,049,447
Point Renewals	725,833	256,056	469,777	731,824	1,457,657
Plant Renewals	548,006	633,520	-85,514	496,974	1,044,980
Continuous Monitoring Devices	300,000	0	300,000	300,000	600,000
Cromwell Growth Upgrades	0	0	0	1,460,319	1,460,319

### 3. Attachments

**Appendix 1 - Audit and Risk Committee Report 24 Mar 2023 Update on Three Waters Works Program to 30 June 2024.docx** [↓](#)

**Appendix 2 - Forward Work Program Dashboard April 2023.pdf** [↓](#)

Report author:

Reviewed and authorised by:



Chantal Green  
Water Services Accountant  
23/05/2023



Julie Muir  
Three Waters Director  
23/05/2023











## 23.2.6 HEALTH, SAFETY AND WELLBEING REPORT

Doc ID: 625147

### 1. Purpose

To provide the Audit & Risk Committee with an update on the health, safety and wellbeing performance of the organisation.

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### Recommendations

That the report be received.

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### 2. Discussion

#### 2.1 Reporting period

This report covers the period 1 February – 30 April 2023 ('the reporting period').

#### 2.2 Health, Safety and Wellbeing Advisor summary

This period Health, Safety and Wellbeing as been focused on completing design and review of its Health and Safety Management System (HSMS). This system, based on standard ISO 45001 and WorkSafe's SafePlus assurance process, is ready to be implement across Council's business areas during the 23/24 financial year.

KPMG completed a review of health and safety systems at Council (section 2.3). The action plan developed from this review play an important part in deciding the direction of the Health and Safety work programme this financial year.

At the time of this report Council has a vacancy in Health, Safety and Wellbeing. Current advisor, Rachel Ennis, has resigned her permanent role and will be supporting council in a remote, casual capacity. Continuing with a casual advisor is intended to reduce the impact of this vacancy on Council's operational and project health, safety and wellbeing work programmes.

Rachel was announced as a finalist in the Emerging Practitioner category at the 2023 Safeguard Awards. The awards will be announced at the award ceremony on 20 June.

#### 2.3 Health and Safety Review

In March 2023, KPMG carried out a health and safety systems review. The review was conducted remotely.

As part of the review, KPMG conducted interviews with six managers and leaders, including the Chief Executive Officer, and three workshop-style group sessions with frontline workers in the Customer Experience team (libraries, aquatic centres and customer services).

Based on their review of Council's health and safety documents and their conversations with employees, KPMG created a report with twelve high priority recommendations. The Health,

Safety and Wellbeing Advisor and General Manager People and Culture provided manager’s comments and feedback on a draft report, culminating in a final report presented in May 2023. The report is paired with an action plan for how Council can make the most of the opportunities identified in the report.

The People and Culture Team were pleased to find that KPMG’s insights closely reflected Council’s own priority areas of risk management, communication, internal auditing and leadership training. The action plan produced through this review closely matches the People and Culture strategy and work programme the team developed at the end of 2022.

**2.4 Incidents and injuries**

There were 48 reports made during the reporting period.

Notable incidents are further explained at section 2.4.9.

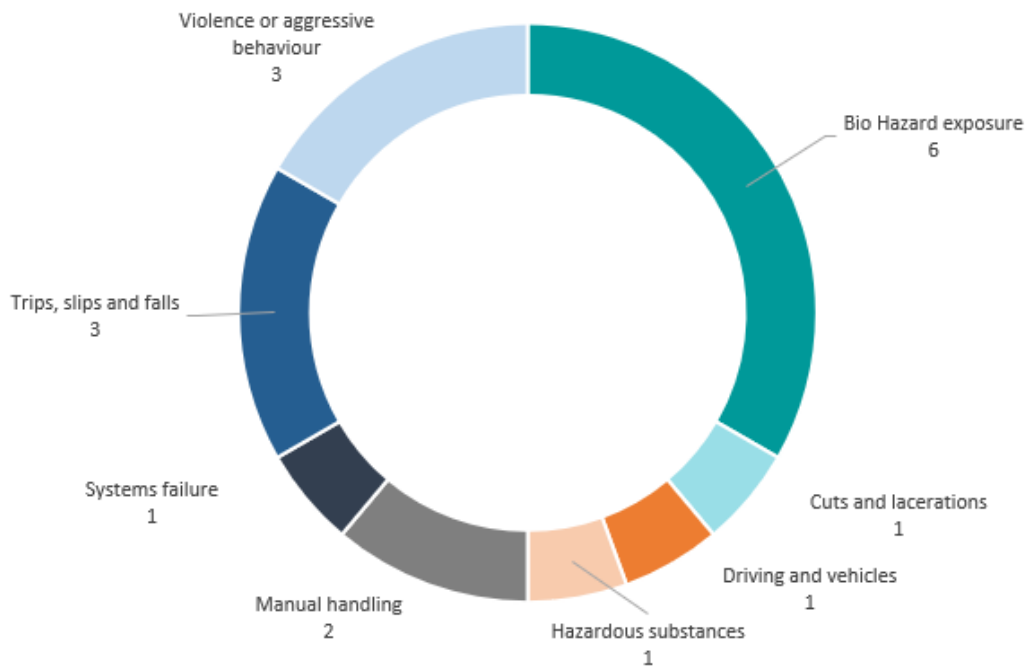
Severity rating	Level 1	Level 2	Level 3	Level 4
Risk consequence rating	Negligible or minor (Business as usual)	Moderate	Major	Extreme
Examples	Non-treatment injury, first aid injury	Medical treatment injuries, near miss that could result in medical treatment, wet rescue	Lost time injuries, high-potential near miss	Fatality, life-altering injuries, or potential for either
No. of incident reports	38	9	1	0

Table 1. Severity rating for all incident reports

**2.4.1 Employee reports**

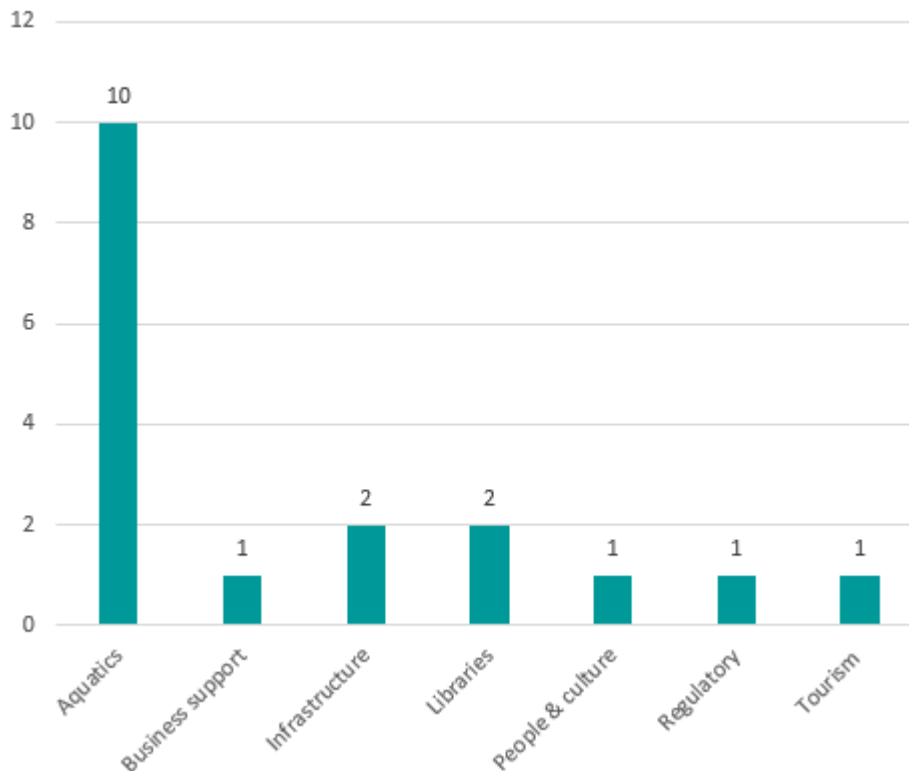
18 reports (37.5%) affected employees. Violence or aggressive behaviour continues to be under-reported.

Employee reports by cause Feb - Apr 23



**Graph 1. Employee incidents and reports by cause Feb-Apr 2023.** Biological hazard exposure (6), cuts and lacerations (1), driving and vehicles (1), manual handling (2), systems failure (1), trips, slips and falls (3), violence or aggression (3).

Employee incidents by business area



**Graph 2. Employee incidents by business area Feb-Apr 2023.** Aquatics (10), business support (1), infrastructure (2), libraries (2), people & culture (1), regulatory (1), tourism (1).

**2.4.2 Employee injuries**

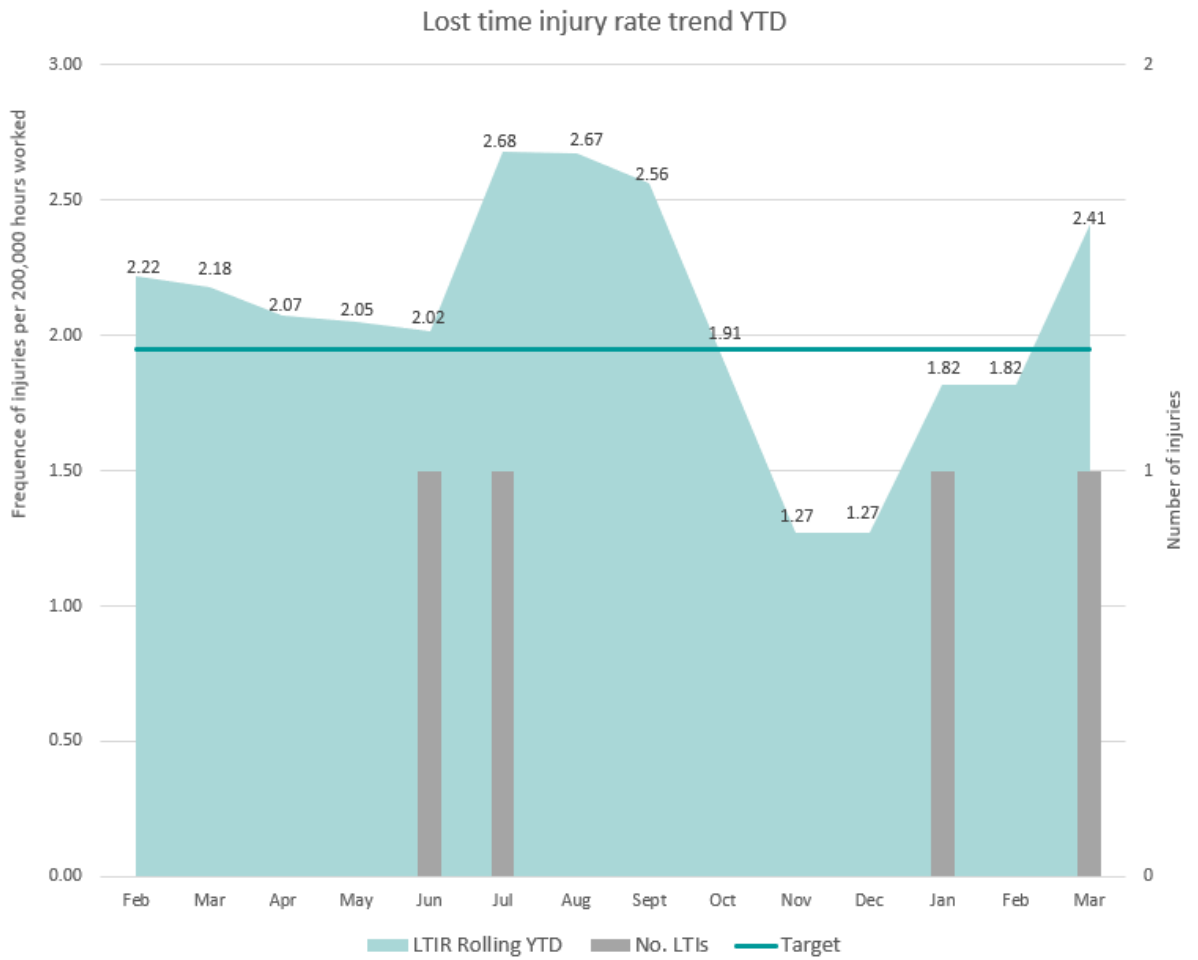
We noticed a higher than usual number of reported trips, slips and falls and manual handling injuries for employees. This has prompted Council health and safety to focus its messages for employees towards taking time to consider how we move our bodies as movements like over-reaching can cause injuries that take a long time to recover from.

Reporting period	Non-treatment injury	First aid incident (FAI)	Medical treatment incident (MTI)	Restricted duties	Lost time incident (LTI)	Fatality	Total recordable injuries
Apr-Jul 22	1	0	0	1	2	0	4
Aug-Oct 22	1	1	1	0	0	0	3
Nov 22-Jan 23	1	1	0	0	1	0	3
Feb 23-Apr 23	2	2	0	0	1	0	5

**Table 2. Recordable injuries (employees)**

### 2.4.3 Lost time injury frequency rate (LTIFR)

The LTIFR is 2.41 against a target of 1.95 injuries per 200,000 hours of work.



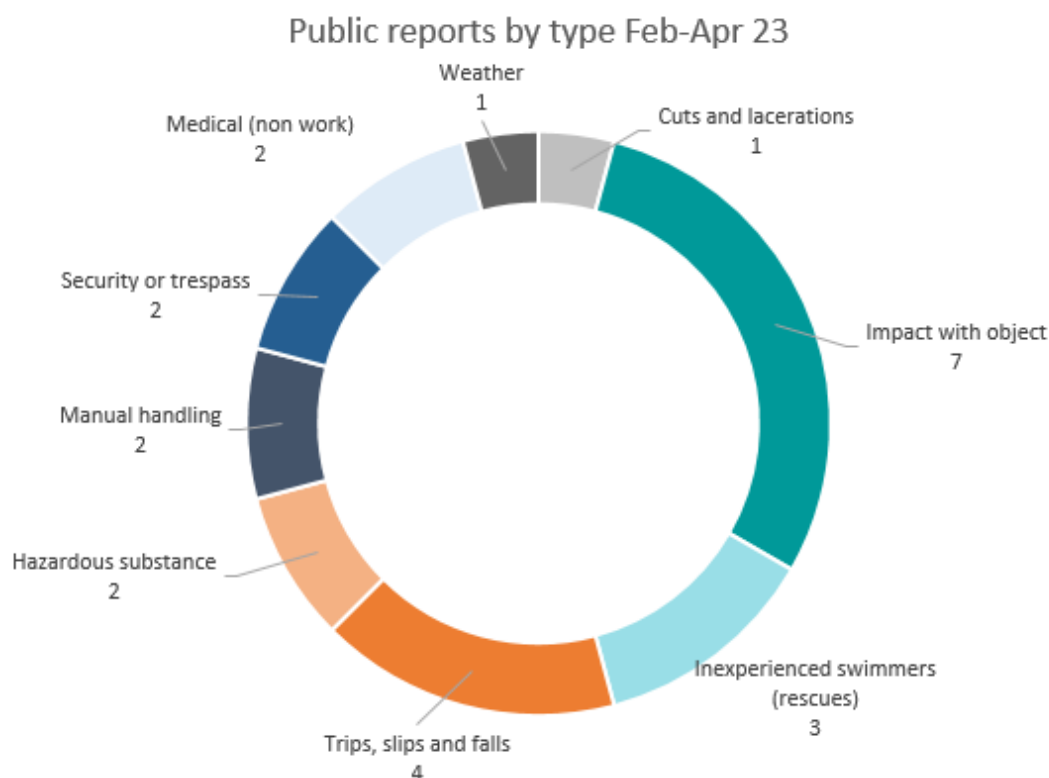
Graph 3. Lost time injury frequency rate (rolling 12-month average).

**2.4.4 Public incidents**

24 incidents (50%) affected the public.

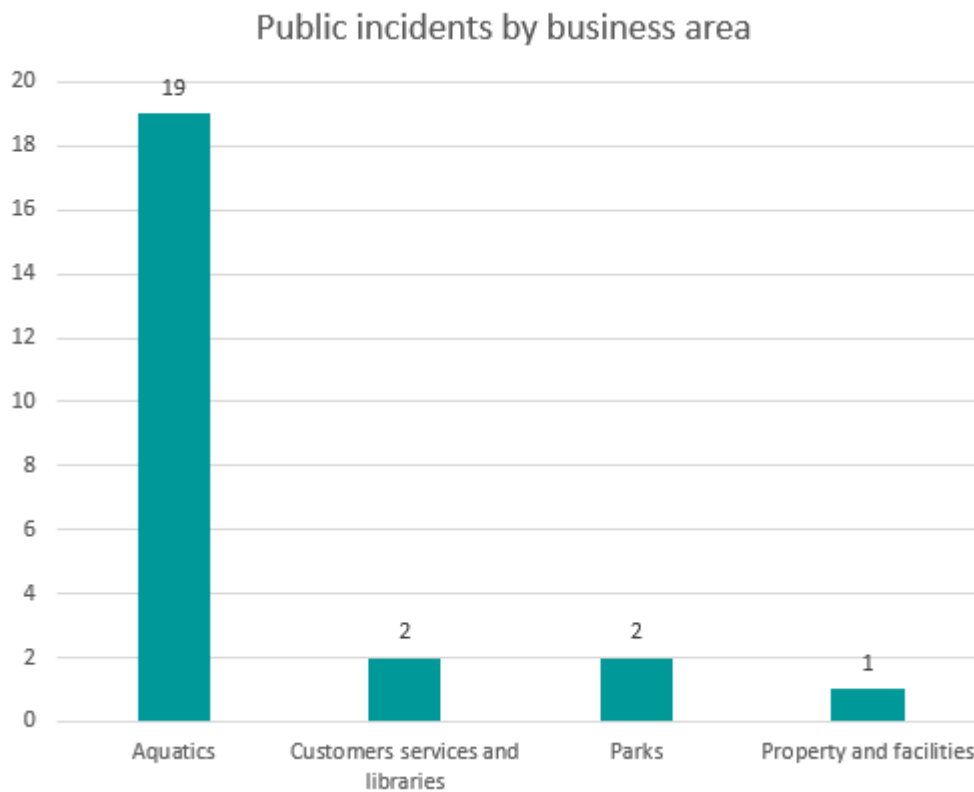
The highest cause categories were impact with object, inexperience swimmers and trips, slips and falls. All incidents occurred in Council aquatic centres except one slip (on a public footpath).

The inexperienced swimmers rescued (3) were all aged under 9 years and follows a trend of Council lifeguards entering the water to rescue children over the summer. The Aquatics team are introducing additional measures, such as wrist bands, to help identify which young swimmers need an adult in the pool with them.



**Graph 4. Public incidents and reports by cause.** Impact with object (7); inexperienced swimmers (rescues) (3); trips, slips and falls (4); hazardous substance exposure (2); manual handling (2); security or trespass (2); medical (non-work) (2); weather (1), cuts and lacerations (1).





**Graph 5. Public incidents by business area.** Aquatics (19), customer services and libraries (2), parks (2), property and facilities (1).

### 2.4.5 Public injuries

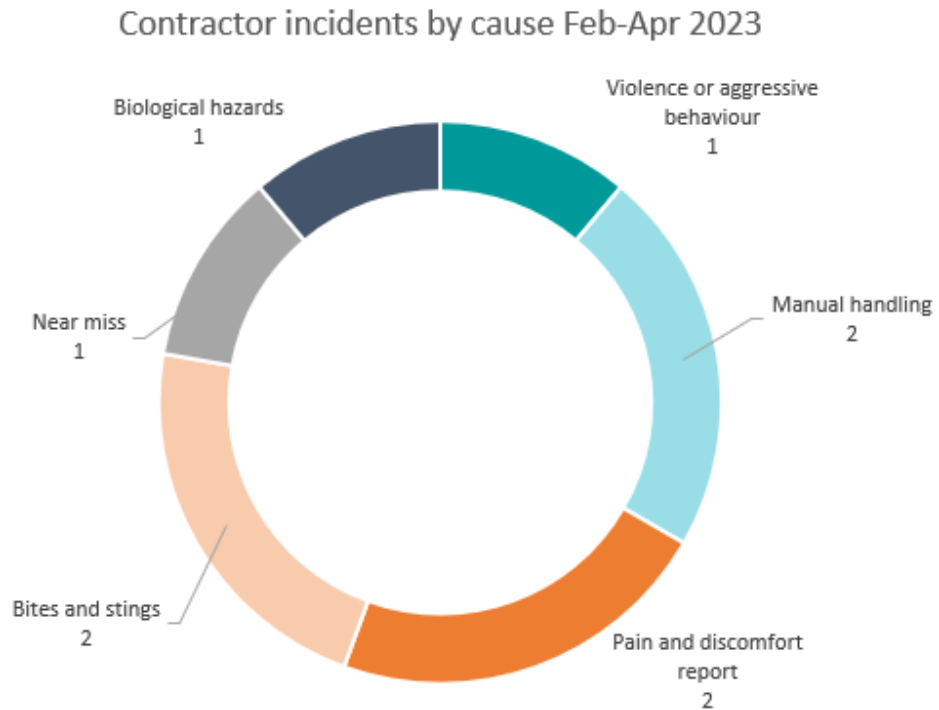
There was an increase in first aid injuries (primarily at pools) during this period.

Reporting period	Non-treatment injury	First aid injuries (FAI)	Medical treatment injury (MTI)	Fatality	Total recordable injuries
Apr-Jul 22	1	4	0	0	5
Aug-Oct 22	1	2	0	0	3
Nov 22-Jan 23	0	5	2	0	7
Feb 23-Apr 23	1	12	0	0	13

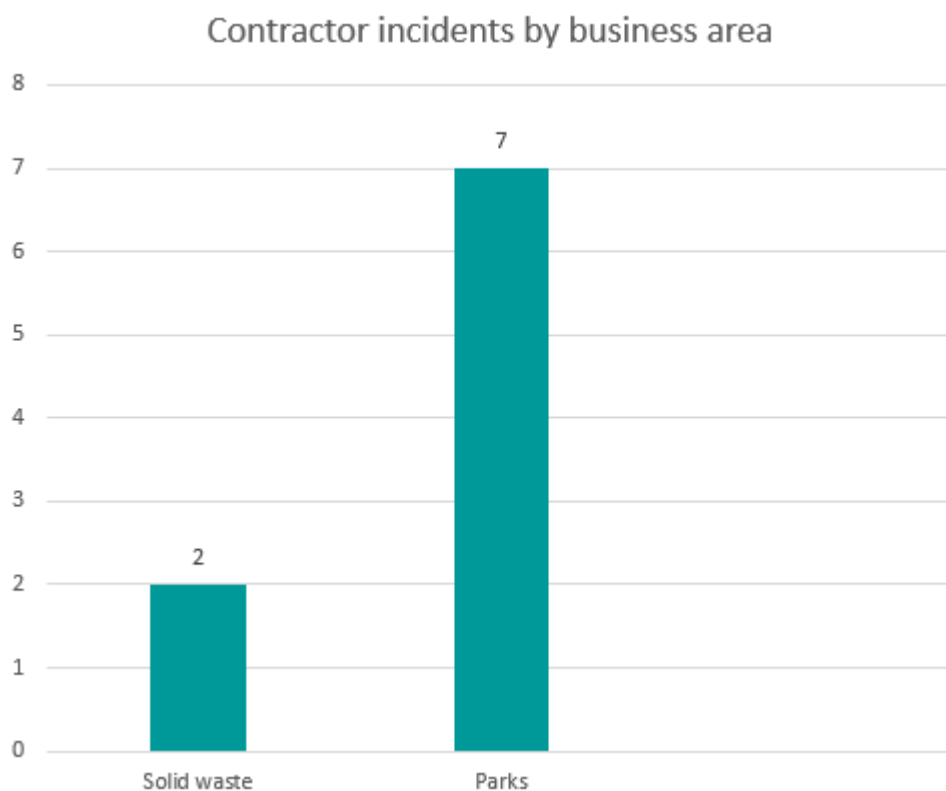
**Table 3. Recordable injuries (public)**

### 2.4.6 Contractor reports

Council received nine reports from contractors. Most reports are received a month in retrospect at monthly contractor meetings. Notable incidents are normally raised to the council employee who manages the contract. There are two notable incidents from contractors further explored at 2.4.9.



**Graph 6. Contractor incidents and reports by cause.** Violence or aggressive behaviour (1), manual handling (2), pain and discomfort (2), bites and stings (2), near miss (1), biological hazard exposure (1).



**Graph 7. Contractor incidents by business area.** Solid waste (2), Parks (7).

**2.4.7 Contractor injuries**

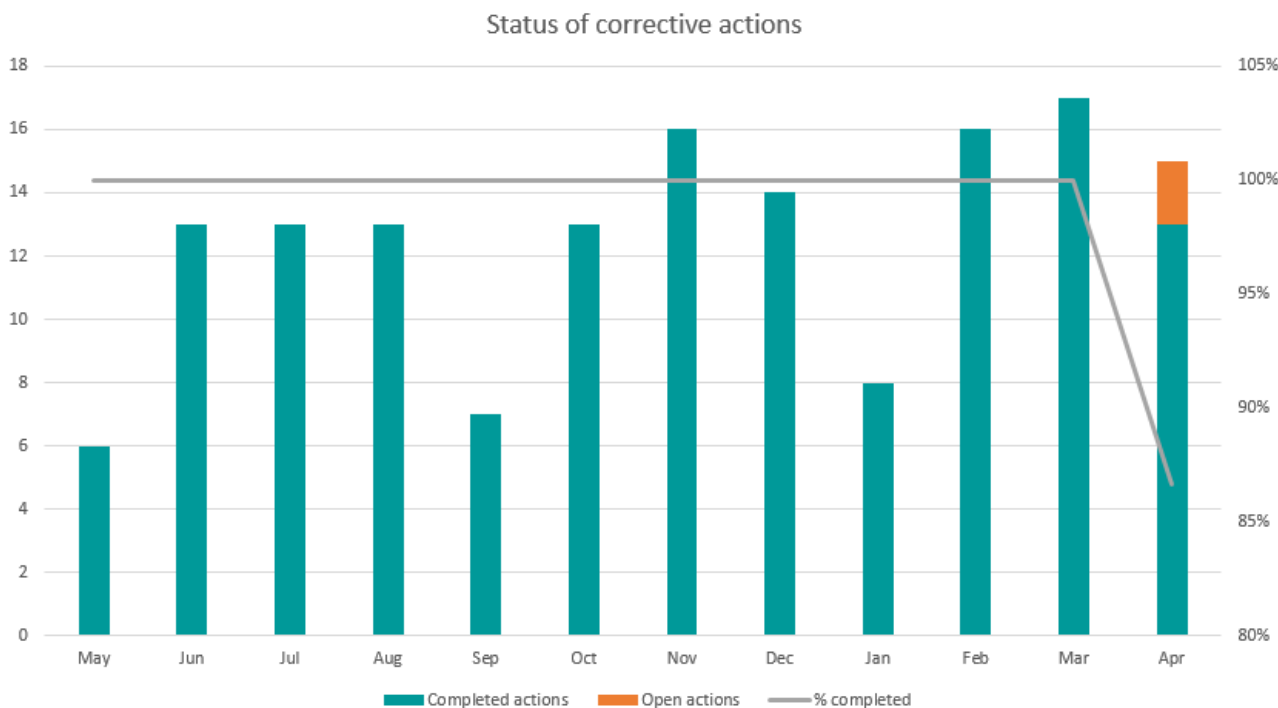
Of the reports made to council by contractors, only one involved an injury.

Reporting period	Non-treatment injury	FAI	MTI	Fatality	Total recordable injuries
Nov 22-Jan 23	0	2	0	0	2
Feb 23-Apr 23	0	1	0	0	1

**Table 4. Recordable injuries (contractor).**

**2.4.8 Status of corrective actions**

Council aims to complete correction actions identified with each incident as quickly as possible. At the time of this report there are two incidents with outstanding corrective actions.



**Graph 8. Status of corrective actions.**

**2.4.9 Notable incidents**

Incident	Action taken
<p><b><u>Serious Near Miss</u></b>                      Wood from unloading vehicle travelled over the top of the rear wall at the disposal location and nearly hit worker below at the Cromwell Waste Transfer Station (Contractor managed workplace)</p>	<ul style="list-style-type: none"> <li>• Incident was raised to Solid Waste Team Leader for Council's information</li> <li>• Incident required WorkSafe notification by the contractor</li> <li>• Council is waiting for incident report from the contractor to identify corrective actions</li> </ul>
<p><b><u>Serious Near Miss</u></b>                      A subcontractor vehicle (tanker) slide on gravel and was at risk of overturning at the Cromwell Wastewater Treatment Plant (Contractor managed workplace)</p>	<ul style="list-style-type: none"> <li>• Water Services Operations Team Leader attended for Council</li> <li>• Appears the subcontractor was turning their vehicle when they lost purchase on the passenger side</li> <li>• Attempts to move the vehicle were abandoned after the risk of vehicle overturning became to high</li> <li>• Contractor alerted Council to the incident in progress</li> <li>• Recovery recommenced then following day after engaging a crane lift company to consult</li> <li>• Recovery plan was shared with council for our information</li> <li>• Waiting for contractor's incident report</li> <li>• This incident is not included in the statistics above as it occurred in May 2023.</li> </ul>
<p><b><u>Lost time injury</u></b>                      Council employee overreached to test a ceiling mounted fire alarm</p>	<ul style="list-style-type: none"> <li>• A quick decision to reach above normal range of motion resulted in an ACC claim for a back sprain</li> <li>• The employee was absent from work for more than three days</li> <li>• The employee has since returned to work with no restriction of duties</li> <li>• Team have taken the opportunity to discuss not taking chances with overreaching</li> </ul>

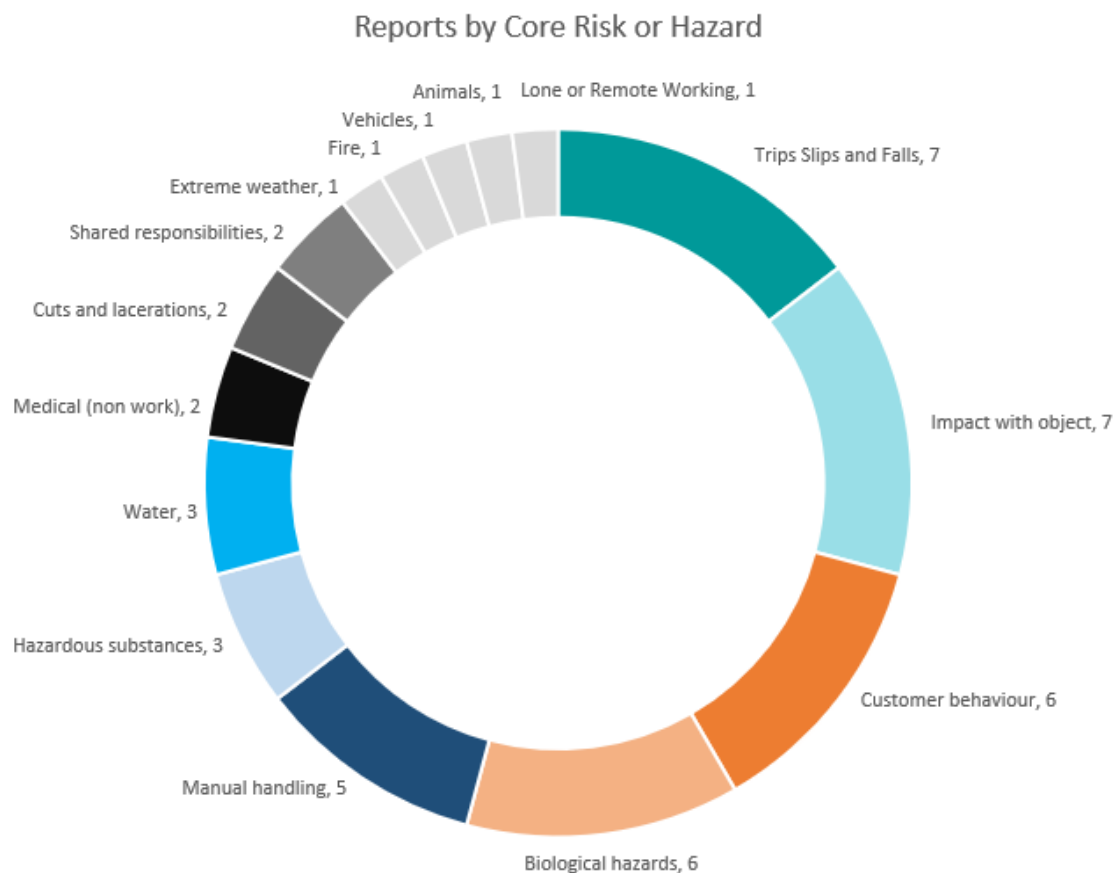
Table 5. Notable incidents and associated action taken.

**2.5 Critical risk**

The priority critical risks and controls register is included at Attachment 1.

Graph 9 below shows the core risk or hazard associated with each incident report made during the reporting period. Of the six priority critical risks monitored by this committee (in

Attachment 1), customer behaviour (violence and aggression) has occurred the most frequently.



**Graph 9. Incident reports relating to critical risk areas compared to previous reporting periods.** Trips, slips and falls (7), impact with object (7), customer behaviour (6), biological hazards (6), manual handling (5), hazardous substances (3), water (3), medical (non work) (2), cuts and lacerations (2), shared responsibilities (2), extreme weather (1), fire (1), vehicles (1), animals (1), lone or remote (1).

## 2.6 Occupational health

### Flu vaccination

Council offers employees vaccination for the flu. A flu clinic was held in May 2023. 43 employees attended the onsite clinic in Alexandra, while others around the district were able to access flu vaccinations at their local medical centre.

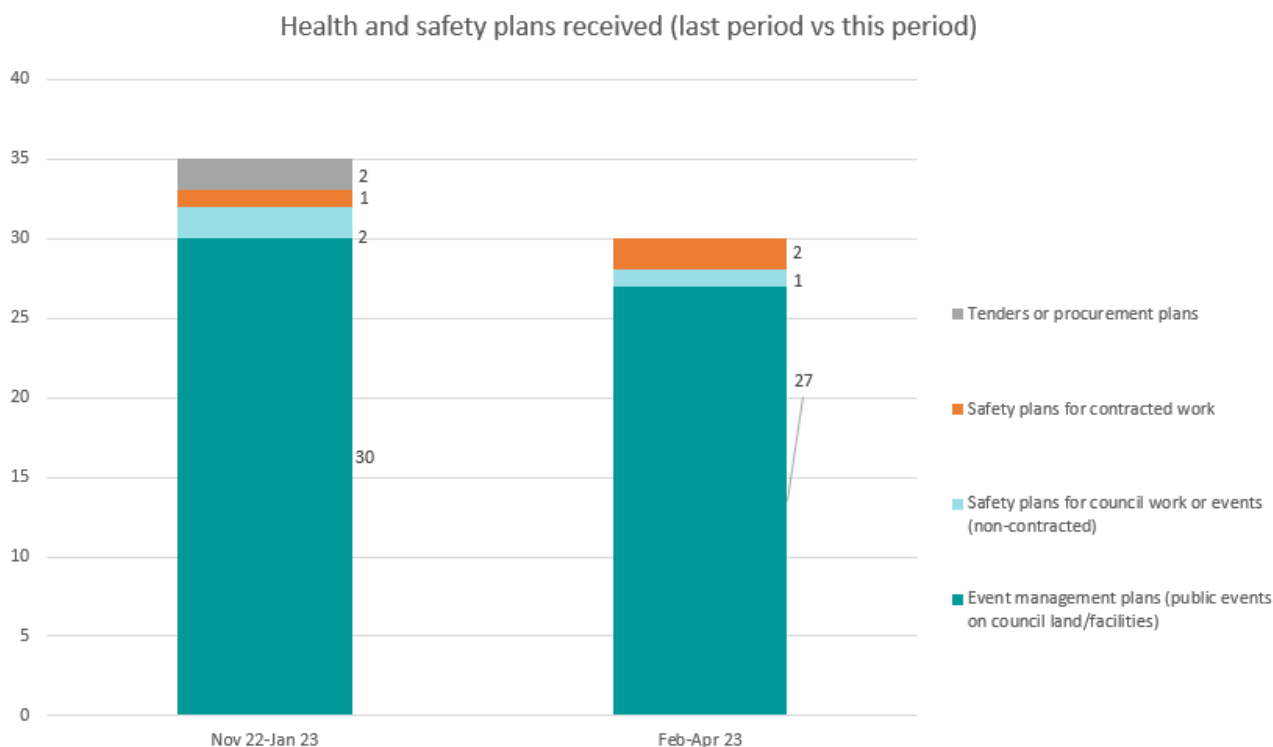
### Personal protective equipment (PPE)

Fit tests were carried out at Alexandra and Cromwell Pools for employees who use respirators as part of their chemical handling PPE.

## 2.7 Contractor management

### 2.7.1 Health and safety plans received

Health and Safety received plans for work being carried out at the Alexandra Service Centre including irrigation and service centre refurbishment. With the arrival of council’s Risk and Procurement Manager, there is an opportunity to review how safety planning in contracted work is managed. Alongside the health and safety systems review (section 2.3), we hope to capture more of the safety plans received or created by council for contracted work and improve training for employees in procurement processes.



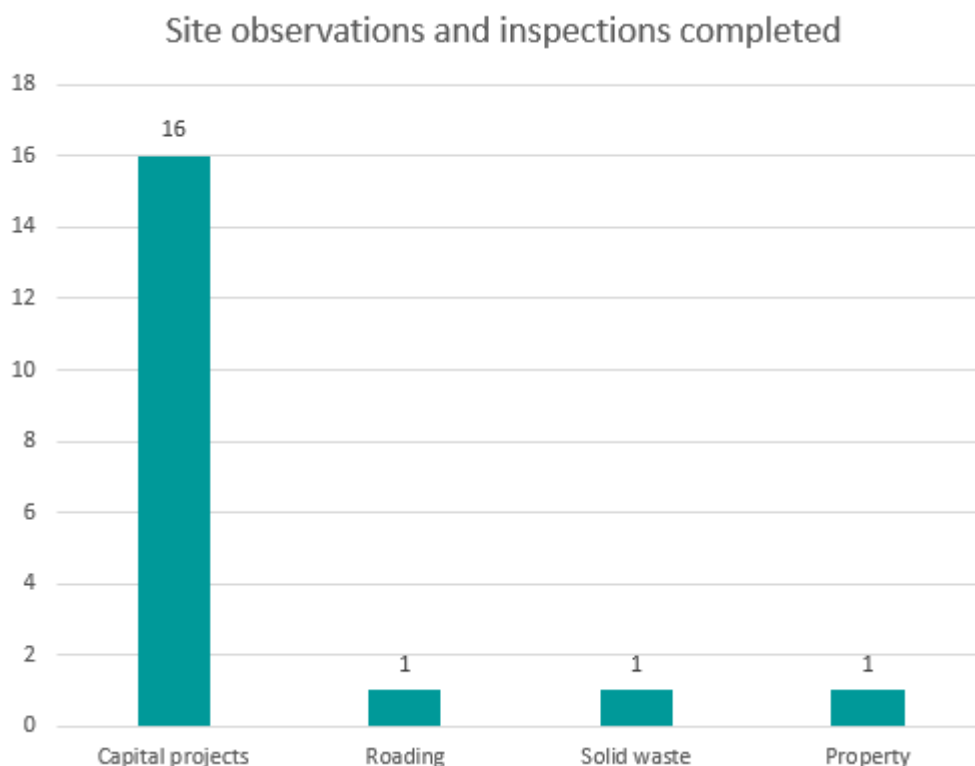
**Graph 10. Health and safety plans received by council.** Last Period (Nov 22-Jan 23): Event management plans (30); safety plans for council work (non-contracted) (2); safety plans for contracted work (1), tenders or procurement plans (2). This period (Feb-Apr 23): Event management plans (27); safety plans for council work (non-contracted) (1), safety plans for contracted work (2).

### 2.7.2 Observations and inspections of contractor work

Water has introduced a new audit route for all water sites effective from May 2023. These site inspections will be carried out monthly.

The Roding Team began conducting joint site inspections with Fulton Hogan in April 2023.

Due to an upgrade of BWare, there is a delay in data being transferred into the reporting system.



**Graph 11. Number of site inspections or observations completed this period.** Capital projects (16), Roading (1), Solid Waste (1), Property (1).

## 2.8 Training and competency

Training area / course	This period
New staff inductions (inc. Aquatic Centres)	17
First aid certificates (new and refresher)	21

**Table 6. Training register excerpt**

### 2.8.1 Planned training

- Winter driving
- Chain fitting
- Situational awareness

## 2.9 Wellbeing

### 2.9.1 Indicator 1: No. employee sessions with EAP (Employee Assistance Programme)

EAP data covers the period January-March 2023.

During this period work-related EAP themes appear to focus on career development and satisfaction. Workloads and stress have previously been top themes, but do not feature at all in the most recent EAP report. However, workplace support capacity was reduced during this period due to staff illness at Council’s EAP provider and this may account for a reduction in the number of employees accessing the service.

**EAP Top 3 Themes (Work-related)**

Position	Work-related themes (Top 3)	Last report
1	Job satisfaction	5
2	Career development	4
2=	Communication & relationships	6

Table 7. Work-related themes (Top 3).

**EAP Top 3 Themes (Personal)**

Position	Personal themes (Top 3)	Last report
1	Health (physical and emotional)	No change
2	Personal stress	4
3	Relationships & family	No change

Table 8. Personal themes (Top 3).

**2.9.2 Indicator 2: Employee attendance at wellbeing events and activities and feedback from post-activity surveys****My Everyday Wellbeing**

This report covers October 2022-April 2023. It is the first full report we have received since introducing the platform in August 2022.

42% of employees have activated their home use account, allowing them to access My Everyday Wellbeing when they are not at work.

91% of the 226 accounts have engaged with emails set by My Everyday Wellbeing at least once. Council employees have viewed 3,998 items of content covering themes like nutrition, exercise and mental health.

**Move it March**

14 teams (62 employees) signed up for Move it March, Council's annual exercise challenge.

**2.9.3 Scheduled activities****Pink Shirt Day**

Council will promote Pink Shirt Day on May 19 to raise awareness of bullying. This year there will be a particular focus in raising awareness about the affects of aggression towards council workers.

**Mid-year event**

A mid-year staff event is scheduled for July 2023.

**3. Attachments**

**Appendix 1 - Health and Safety priority risks and controls -- 2023.docx** [↓](#)



Report author:



Rachel Ennis  
Health, Safety and Wellbeing Officer  
15/05/2023

Reviewed and authorised by:



Louise Fleck  
General Manager - People and Culture  
16/05/2023







## 23.2.7 FINANCIAL REPORT FOR THE PERIOD ENDING 31 MARCH 2023

Doc ID: 625802

### 1. Purpose

To consider the financial performance for the period ending 31 March 2023.

### Recommendations

That the report be received.

### 2. Discussion

The financial report is presented to the Committee as requested for awareness of the current financials.

2022/23	9 MONTHS ENDING 31 MARCH 2023				2022/23
Annual Plan		YTD	YTD	YTD	Revised Budget
\$000		Actual	Revised Budget	Variance	\$000
		\$000	\$000	\$000	
	<b>Income</b>				
36,238	Rates	27,286	27,103	183	36,238
6,062	Govt Grants & Subsidies	4,982	4,921	61	6,552
8,161	User Fees & Other	5,591	6,230	(639)	8,729
14,930	Land Sales	4,433	1,000	3,433	14,930
2,233	Regulatory Fees	2,018	1,675	343	2,233
2,192	Development Contributions	3,870	1,644	2,226	2,192
500	Interest & Dividends	138	375	(237)	500
	Reserves Contributions	508	-	508	-
	Profit on Sale of Assets	169	-	169	-
40	Other Capital Contributions	107	22	85	41
<b>70,356</b>	<b>Total Income</b>	<b>49,102</b>	<b>42,970</b>	<b>6,132</b>	<b>71,415</b>
	<b>Expenditure</b>				
13,876	Staff	9,886	10,635	749	14,207
603	Members Remuneration	431	452	21	603
8,918	Contracts	7,594	6,858	(736)	9,185
2,735	Professional Fees	2,156	2,478	322	3,304
10,857	Depreciation	12,793	8,143	(4,650)	10,857
11,232	Costs of Sales	2,859	3,586	727	11,232
4,182	Refuse & Recycling Costs	2,734	3,136	402	4,182
	Cost Allocations	(4)	-	4	-
1,799	Repairs & Maintenance	1,314	1,428	114	1,911
1,433	Electricity & Fuel	902	1,068	166	1,421
	Loss on Sale of Asset	146	-	(146)	-
636	Grants	1,233	681	(552)	763
1,118	Technology Costs	834	816	(18)	1,095
378	Projects	496	985	489	1,289
658	Rates Expense	642	493	(149)	658
474	Insurance	612	355	(257)	474
1,635	Interest Expense	322	1,152	830	1,635
2,132	Other Costs	1,265	1,674	409	2,243
<b>62,666</b>	<b>Total Expenses</b>	<b>46,215</b>	<b>43,940</b>	<b>(2,275)</b>	<b>65,059</b>
<b>7,690</b>	<b>Operating Surplus / (Deficit)</b>	<b>2,887</b>	<b>(970)</b>	<b>3,857</b>	<b>6,356</b>

### 3. Financial Reporting

The financials for March 2023 show an overall favourable variance of \$3.857M. Land sales are higher than budgeted, due to sales at Dunstan Park. Development and reserve contributions are higher than budget. This is predominately due to the timing of subdivisions in Cromwell and when the invoicing of contributions occurs. User fees and charges are (\$639k) behind budget, due to the timing of metered water (\$771k). Grants and subsidies are behind budget. This is due to the timing of the Waka Kotahi subsidies (\$730k).

#### **Income of \$49.102M against the year-to-date budget of \$42.970M**

Overall, income has a favourable variance against the revised budget by \$6,132M. This is being driven by the timing of development contributions of \$2.226M (F) and land sales (F), offset by the timing of Waka Kotahi subsidies (U) and metered water charges (U).

#### **The main variances are:**

- **Government grants and subsidies \$61k F** – The main drivers behind this variance include the Three Waters transition support funding \$195k, Alexandra Riverpark funding \$125k, funding for the freedom camping programme \$110k, welcoming communities seed funding \$21k and Better off Funding for Alexandra pool \$95k, Cromwell pool \$118k and Roxburgh pool fencing \$108k. This is offset by unfavourable Waka Kotahi New Zealand Transport Agency (Waka Kotahi) roading subsidy contribution (\$730k). Subsidies are claimed for both the operational and capital roading work programmes and fluctuate based on the work programme.
- **User fees and other (\$639k) U** – Metered water charges has a variance of (\$771k). The second read round will take place in April and May 2023 for Alexandra and Cromwell respectively. This should bring them in line with the budget.
- **Land sales \$3.433M F** – Land sales of \$4.433M has been received from Dunstan Park subdivision stage 3 in March 2023. Dunstan Park subdivision stage 4 is expected to receive title in November 2023.
- **Regulatory fees \$343k F** – Building permit fees are higher than budget by \$309k, along with dog registration fees of \$41k. The dog registrations income is received predominately in July 2022, while the budget spreads the income over 12-months. This will be aligned at the end of the financial year.
- **Development Contributions \$2.226M F** – This variance relates to the timing of development contributions which are dependent on the resource consent process and developer timeframes. Cromwell development contributions in wastewater, roading and water are higher than budget. Alexandra development contributions in water, roading and wastewater show an unfavourable variance of (\$337k). This is in line with the timing of Dunstan Park stage 4.
- **Interest and dividends revenue (\$237k) U** - Large projects are being predominately managed within cashflows, minimising the level of loan funding uplifted. This includes subdivision developments which are held on the balance sheet. This results in less cash available to be invested. There are currently no term deposits.
- **Reserves contributions \$508k F** – These are difficult to gauge when setting budgets and are dependent on developers' timeframes. As with development contributions above, these are mainly for the Cromwell and Alexandra areas.

**Expenditure of \$46.215M against the year-to-date budget of \$43.940M**

Expenditure has an unfavourable variance of (\$2.275M). The main drivers behind this are contracts, depreciation, grants, rates expense and insurance. This is offsetting favourable variances such as staff, professional fees, cost of sales, refuse and recycling costs, projects, interest expense and other costs.

**The main variances are:**

- **Staff \$749k F** – This is due to the lag between staff movements and the replacement of new staff, plus the associated recruitment expenses.
- **Contracts (\$736k) U** – Contract expenditure is determined by workflow and the time of the contract. The outcome of this is that the phased budgets will not necessarily align with actual expenditures, meaning some work appears favourable and some contracts spend year-to-date appears unfavourable. Emergency work (\$67k), physical works contract (\$747k), roading contract (\$197k), planning maintenance \$219k and contracts \$56k are the key timing variances year-to-date. The physical works contracts variance relates to wastewater operations (\$191k) and water supply operations (\$507k). Water supply operations have seen an increase in service requests and re-active repairs, along with an increase of (\$181k) in sampling cost to meet new drinking water rules (council resolution 23.4.5). The wastewater operations variance is due to the July 2022 flooding events where the Omakau treatment pond was flooded. Repair costs of \$165k are being funded through the emergency works funds.
- **Professional fees \$322k F**. Spatial planning works and the District plan review have been delayed. This is due to staff concentrating on consenting.
- **Depreciation (\$4.650M) U** – The 30 June 2022 revaluation of assets created a significant increase to the value of the assets held on the fixed asset register. As a result, the depreciation costs for the assets have also increased. Revaluations included land and buildings, waste assets, water, wastewater, stormwater and roading. Due to the timing of the revaluations this additional depreciation cost has not been collected through rates.
- **Costs of sales \$727k F** – Cost of sales are linked to the land sales mentioned earlier and reflect the development costs for subdivisions. The subdivision costs are held on the balance sheet in 'property and intended for sales' until each stage is complete and land sales are received. Development costs for Dunstan Park subdivision stage 3 have been released to cost of sales.
- **Refuse and recycling costs \$402k F** – The waste management activity can fluctuate depending on the amount of waste being processed. This favourable variance is due to timing of clean fill management costs \$112k and the emissions trading scheme \$252k. The emission trading scheme charges fall due in May 2023.
- **Grants (\$552k) U** – This is predominately due to the Roxburgh Pool grant of (\$500k). This grant was brought forward from last financial year. The remaining variance is due to district grants of \$10k to Central Otago Goldfield Trust funded from general reserves (resolution 22.7.9), Vincent grant of \$26k to Alexandra District Museum Incorporated funded from general reserves (resolution 22.2.4) and Cromwell grant of \$49k to Cromwell Bike Park funded from Cromwell reserves contribution fund (resolution 22.4.7).
- **Projects \$489k F** - This is due to the phasing schedule of Tourism Central Otago projects and the costs incurred for the Southland Otago Three Waters Director position.

The Southland Otago Three Waters Director position is a cost share arrangement with other councils in the area to assist with the Three Waters reform.

- **Rates Expense (\$149k) U** – Central Otago rates expenses for 2022/23 on council owned property has been paid in full during the first quarter of this financial year, while the budget has been recognised over a 12-month period.
- **Insurance (\$257k) U.** The 2022/23 Insurance premium for council assets is higher than budgeted. Council has approved an increase of \$368k as per resolution 22.10.7. The Annual Plan 2023/24 has been adjusted to reflect this increase.
- **Interest Expense \$830k F.** Interest expense is lower than budget. To reduce the interest impact on external debt borrowing, projects are being managed through cashflows.
- **Other costs \$409k F** - A detailed breakdown for other costs is tabled below.

**Other costs breakdown**

2022/23 Annual Plan \$000	Other Costs breakdown	YTD Actual \$000	YTD Revised Budget \$000	YTD Variance \$000		2022/23 Revised Budget \$000
677	Administrative Costs	374	509	135	●	678
662	Office Expenses	440	500	60	●	662
229	Operating Expenses	132	172	39	●	229
415	Advertising	96	297	201	●	415
178	Valuation Services	161	134	(27)	●	178
81	Retail	62	62	-	●	81
<b>2,242</b>	<b>Total Other Costs</b>	<b>1,265</b>	<b>1,674</b>	<b>409</b>		<b>2,243</b>

*This table has rounding (+/- 1)*

- Other costs include only need based expenses which fluctuate against budget from time-to-time. There is no significant variance of note to report on at present.



**Capital Expenditure**

Year-to-date, 34% of the total capital spend against the full year’s revised capital budget has been expensed.

2022/23						2022/23	Progress
Annual Plan	CAPITAL EXPENDITURE	YTD Actual	YTD Revised Budget	YTD Variance		Revised Budget	to date against revised budget
\$000		\$000	\$000	\$000		\$000	
16,190	Council Property and Facilities	2,444	16,518	14,074	●	24,516	10%
400	Waste Management	102	679	577	●	905	11%
50	Customer Services and Administration	35	71	36	●	95	37%
481	Vehicle Fleet	83	325	242	●	597	14%
58	Planning	11	305	294	●	407	3%
260	Information Services	238	973	735	●	1,493	16%
165	Libraries	130	372	242	●	492	26%
1,482	Parks and Recreation	650	1,982	1,332	●	2,551	25%
7,205	Roading	3,637	7,453	3,816	●	9,937	37%
23,987	Three Waters	18,378	25,750	7,372	●	34,334	54%
<b>50,278</b>	<b>Grand Total</b>	<b>25,708</b>	<b>54,428</b>	<b>28,720</b>		<b>75,327</b>	<b>34%</b>

*This table has rounding (+/- 1)*

**Council Property and Facilities \$14.074M F** – The main drivers to this variance are resource constraints. The Alexandra Airport terminal pavement renewal project is expected to commence work in October 2023. The William Fraser building main bathroom and hall renovation project has started and is expected to be complete at the end of June 2023. The Molyneux park toilet upgrade is waiting for resource consent, and it will be carried forward to next financial year. The Cromwell Memorial Hall project is still in design phase with details of the design expected to be completed within the next few months.

Demolition of existing building and construction is expected to start by end of 2023. The Cromwell Town Centre project is still in early concept plan phase. A tender to find a designer/architect for the next phase of landscaping design and new civil facilities is expected to go out to the market soon.

**Waste Management \$577k F** – Cromwell transfer station upgrade and green waste processing projects are behind budget. The transfer station project is at the concept design stage and green waste processing project is waiting for locations to host an organic processing facility.

**Vehicle Fleet \$242k F** – Vehicle renewals and purchases are under budget. The vehicle renewals programme is still ongoing, however there are expected delays due to global supply constraints.

**Planning \$294k F** – The dog pound project is at the final drawings stage and is expected to start building towards May/June 2023 with the completion in the next financial year. The dog registration software project which was carried over to this financial year has not yet started.

**Information Services \$735k F** – Information service projects are behind budget mainly due to resourcing issues. Projects include people information system \$29k, internet and network \$99k, strategy and development IRM \$42k, information and record management \$145k, geographic information system \$101k, financial performance improvement \$155k, enhanced resource planning information system \$104k, enhanced user experience IT \$57k.

**Libraries \$242k F** – The Alexandra library building upgrade is behind budget by \$215k and the project is currently in the design stage.

**Parks and Recreation \$1.332M F** – This is driven by a mixture of the timing of project budgets, work programmes and contractors' availability to perform the work. Parks and reserves have a favourable variance of \$1.037M, with major projects including Alexandra town centre \$255k, Anderson Park \$101k, Cemeteries \$105k, Clyde Fraser Domain \$53k, Omakau recreational reserve \$135k, Pioneer Park \$42k and other reserves Alexandra \$49k. Alexandra town centre includes the Alexandra River Park project which is at the final draft design stage and is expected to be carried forward to 2023/24 financial year. Anderson Park netball courts light project is being reassessed as the current lights are not used by the Netball Club. Alexandra cemetery irrigation works have commenced, it is expected to receive final invoicing in June 2023. Swimming pools has a favourable variance of \$140k, including Cromwell Pool \$109k and Alexandra Pool \$29k.

**Roading \$3.816M F** – This is due to the timing of the work programme and budget. Roothing projects includes drainage renewal roading (\$65k), gravel road renewals \$243k, sealed road renewals (\$55k), minor improvements \$733k, footpath renewals \$341k, structures renewals \$295k, Cornish Point Road seal extension \$300k and Clyde Heritage precinct \$1.94M. Clyde Heritage precinct stage 3 is expected to start in May 2023 and be carried forward to 2023/24 financial year.

**Three Waters \$7.372M F** – This is predominately due to timing of construction works and these can be ahead of budget or behind due to the work programme. The main driver to this variance includes the Cromwell water treatment plant having a favourable variance of \$3M. The project is expected to go into design stage later this financial year and start construction part-way through next financial year. Investigation works have been completed for Bridge Hill falling main, design is underway and the tender anticipated later in this financial year. Dunorling pumpstation upgrade has a favourable variance of \$1.049M. This project is ongoing and expected to be complete prior to end of June 2023. Bannockburn pipeline project has a favourable variance of \$787k. Investigation works are underway and it is expected construction works will start in 2024/25 financial year. Cromwell rising main project has a favourable variance of \$1.652M. The project is expected to be tendered in late May 2023 and works starting early next financial year.

#### 4. Accounts Receivable

As at 31 March 2023, Council had \$55k outstanding in accounts receivables greater than 90 days. The key contributors over \$5k include:

- Resource consents of \$11.9k for two debtors
- Building consent of \$6.7k for a debtor

Type of Debtor	Current	30 Days	60 Days	> 90 Days
Other	\$ 80,111	\$ 68,763	\$ 29,405	\$ 14,355
Building Consents	\$ 23,672	\$ 26,543	\$ 465	\$ 8,820
Resource Consents	\$ 56,895	\$ 36,918	\$ 24,507	\$ 31,894
<b>TOTAL</b>	<b>160,679</b>	<b>132,223</b>	<b>54,377</b>	<b>55,068</b>

Type of Debtor	Mar-23	Feb-23	Jan-23	Mar-22
Other	\$ 192,634	\$ 923,399	\$ 714,637	\$ 986,498
Building Consents	\$ 59,500	\$ 121,724	\$ 159,890	\$ 113,711
Resource Consents	\$ 150,213	\$ 129,230	\$ 106,740	\$ 1,041,069
<b>TOTAL</b>	<b>402,347</b>	<b>1,174,353</b>	<b>981,267</b>	<b>\$ 2,141,278</b>

Debt is actively managed and monitored and if a debtor is past council's three-month threshold, their information is sent to our debt collection agency, Receivables Management Limited.

There is a credit balance of (\$45.8k) in current month outstanding invoices in "under 500". This relates to building and resource consent debtors where payment has been made in advance of the invoice.

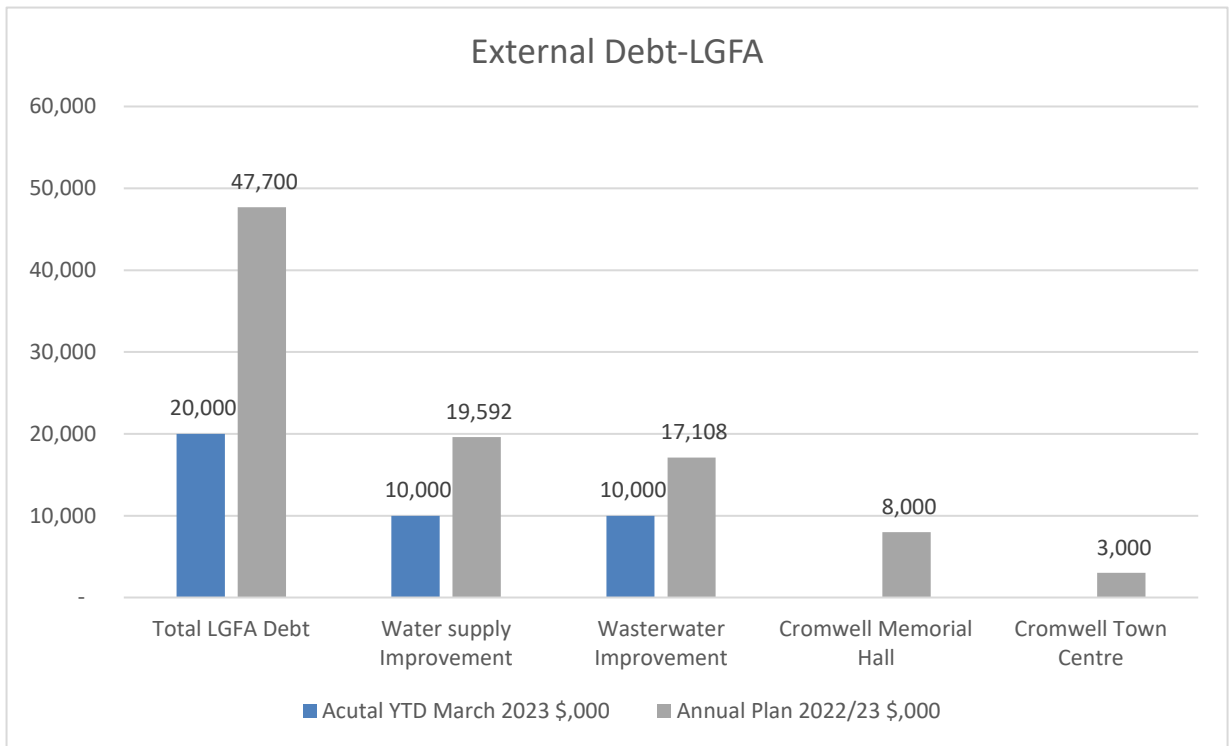
Sundry Debtor	Totals	Under 500	500 to \$1k	\$1k to \$2k	\$2k to \$10k	\$10k to \$50k	Over \$50K
Current	\$ 122,450	\$ (34,201)	\$ 26,089	\$ 20,453	\$ 64,309	\$ 45,799	\$ -
Percentage	100%	-28%	21%	17%	53%	37%	0%
No. of Invoices	413	335	41	16	17	4	0
30 Days	\$ 115,817	\$ 7,638	\$ 10,838	\$ 6,221	\$ 50,442	\$ 40,679	\$ -
Percentage	100%	7%	9%	5%	44%	35%	0%
No. of Invoices	88	52	17	5	13	1	0
60 Days	\$ 17,286	\$ 4,934	\$ 5,547	\$ 3,670	\$ 3,134	\$ -	\$ -
Percentage	100%	29%	32%	21%	18%	0%	0%
No. of Invoices	42	30	8	3	1	0	0
> 90 Days	\$ 112,129	\$ 6,980	\$ 4,515	\$ 9,645	\$ 31,311	\$ 59,678	\$ -
Percentage	100%	6%	4%	9%	28%	53%	0%
No. of Invoices	62	37	8	6	8	3	0

## 5. Investment

As at 31 March 2023, Council had cash balances of \$9M. There are no term deposits as of 31 March 2023. To reduce the interest impact on external debt borrowing, projects are being managed through cashflows. This does mean that while there is less than planned external debt, that there are limited cashflows to lock into term deposits.

**6. External Debt**

As at 31 March 2023, Council has uplifted \$20M from total 2022/23 Annual Plan of \$47.7M.



## 7. Internal Loans

Forecast closing balance for 30 June 2023 is \$4.14M.

OWED BY	Original Loan	1 July 2022 Opening Balance	30 June 2023 Forecast Closing Balance
Public Toilets	670,000	468,048	443,899
Tarbert St Bldg	25,868	11,574	10,019
Alex Town Centre	94,420	44,545	39,117
Alex Town Centre	186,398	79,921	68,342
Alex Town Centre	290,600	139,137	122,048
Centennial Milkbar	47,821	18,192	14,973
Vincent Grants	95,000	9,500	-
Pioneer Store Naseby	21,589	9,609	8,213
Water	867,000	691,212	663,496
ANZ Bank Seismic Strengthening	180,000	143,504	137,750
Molyneux Pool	650,000	563,650	531,150
Maniototo Hospital	1,873,000	1,723,630	1,670,314
Alexandra Airport	218,000	197,216	189,584
Roxburgh Community Pool Upgrade*	250,000	-	241,384
<b>Total</b>	<b>5,469,695</b>	<b>4,099,738</b>	<b>4,140,288</b>

*This table has rounding (+/- 1)*

*\*The Roxburgh Pool loan has no opening balance as it has been uplifted in the 2022/23 financial year.*

## 8. External Community Loans

The total amount of external loans at the beginning of the financial year 2022/23 was \$134k. As at 31 March 2023, the outstanding balance was \$90k. Council has received \$43.7k in principal payments and \$4.9k in interest payments.

Owed By	Original Loan	1 July 2022 Actual Opening Balance	Principal	Interest	31 March 2023 Actual Closing Balance
Cromwell College	400,000	95,351	27,951	3,637	67,400
Maniototo Curling	160,000	21,910	10,773	643	11,137
Oturehua Water	46,471	16,844	5,036	627	11,808
	<b>606,471</b>	<b>134,105</b>	<b>43,760</b>	<b>4,907</b>	<b>90,345</b>

## 9. Reserve Funds table

- As at 30 June 2022 the Council had an audited closing reserve funds balance of \$281k. This reflects the whole district's reserves and factors in the district-wide reserves which are in deficit at (\$27.814M). Refer to Appendix 1.
- Taking the 2021-22 audited Annual Report closing balance and adding 2022-23 income and expenditure, carry forwards and resolutions, the whole district is projected to end the 2022-23 financial year with a closing deficit of (\$59.2M). This is dependent on all capital funding being expensed, and based on year-to-date and current comments, this is not a realistic expectation, meaning the reserves should finish with a more favourable result than currently forecast.

**10. Attachments**

**Appendix 1 - CODC Reserves Table 2022-23 [↓](#)**

Report author:



Donna McKewen  
Accountant  
19/05/2023

Reviewed and authorised by:



Saskia Righarts  
Group Manager - Business Support  
23/05/2023



## 23.2.8 AUDIT NZ AND INTERNAL AUDIT UPDATE

Doc ID: 655544

### 1. Purpose

To consider an update on the status of the external and internal audit programme and any outstanding actions for completed internal and external audits.

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### Recommendations

That the report be received.

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### 2. Discussion

#### *External audit programme*

Council has a legislative requirement to complete external audits of annual reports and the long-term plan through Audit New Zealand. Audit New Zealand complete a governance report on their findings and any recommendations for improvements. A schedule of actions is then created and allocated to staff to manage the completion of these recommendations.

The 2021-22 Audit New Zealand Management Report was presented to the Audit and Risk Committee at the 24 March 2023 meeting. Due to an oversight the incorrect attachment was presented and the correct attachment emailed to the Committee (refer to appendix 1). Following a recommendation from the Committee the report was presented to the 31 May 2023 Council meeting.

The 2021-22 audit contained two new recommendations. First when a valuation is undertaken it is necessary for all assets within a class of property, plant and equipment to be revalued. Staff noted that work needs to be carried out to align the property asset register in the fixed asset register with the property department's list. Improvements are scheduled in the work plan for later in this year.

The second recommendation was that the Council needs to review the interest register to ensure it is complete. Staff noted that the register was for the period ending 30 June 2022, so the new councillor omitted was outside this period (with the local body elections occurring in October 2022). Staff noted the comments about the staff interests register being incomplete and will improve the process for updating this register.

From the previous audits six recommendations remain open, one classed as urgent, three as necessary and two as beneficial. Five have been closed. The details of these can be found in appendix 2.



*Internal audit programme*

The health and safety audit by KPMG has been completed and is presented as part of a separate report in this meeting.

At the Committee's last meeting, staff presented a paper recommending the internal audit programme is reviewed. Deloitte presented during the meeting on the process and the value in reviewing the programme at this time. The Committee endorsed reviewing the internal audit programme. Following a conversation between Deloitte and the Executive Leadership Team on 8 May 2023, the process to conduct the review has been agreed as below:

- Stage 1: Discovery – provision of internal documentation (underway)
- Stage 2: Interviews with Executive Leadership and the Chair of the Audit and Risk Committee (June/July)
- Stage 3: Draft plan for review by Central Otago District Council (August)
- Stage 4: Finalisation of the plan and presentation to the Audit and Risk Committee (September)

**3. Attachments**

**Appendix 1 - Audit New Zealand - Report to the Council on the Audit of CODC - 2022** [↓](#)

**Appendix 2 - Audit New Zealand - Audit Action Register** [↓](#)

Report author:



Saskia Righarts  
Group Manager – Business Support  
23/05/2023

Reviewed and authorised by:



Louise van der Voort  
Interim Chief Executive Officer  
23/05/2023



































































## 23.2.9 LIABILITY MANAGEMENT POLICY

Doc ID: 655565

### 1. Purpose of Report

To consider and recommend to Council the changes required to the Liability Management Policy to ensure efficiency of operations.

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### Recommendations

That the Audit and Risk Committee

- A. Receives the report and accepts the level of significance.
  - B. Recommends to Council the required changes for the Liability Management Policy to ensure efficiency of operations.
- 

### 2. Background

The Liability Management Policy was updated in June last year on the basis that the Department of Internal Affairs (DIA) required the removal of any debt associated with the three waters reform. Given recent announcements of reform change without known transition dates the policy needs to be reviewed to ensure Council can operate efficiently going forward.

### 3. Discussion

The DIA suggested changes to the liability management policy for the sector last year due to the impending three waters reforms. At the time DIA did not want councils locking in debt rates beyond 1 June 2024. A good proportion of the sector did not change their policies on the basis that the reforms were in their early days. Central Otago District Council did make the requested changes at the time.

In discussion with Council's treasury consultant – Miles O'Connor of Bancorp - staff now recommend the policy is reverted to the pre-June 2022 version given the recent announcement of the delay in the reform process. The policy as it currently stands does not allow Council to operate efficiently and enable the best rates to be obtained for the debt it now carries (which is all three waters debt). Refer to the track changes in the policy attached.

In addition staff have made minor updates to the policy to be consistent with the latest delegation's policy (primarily name changes).

Clause 3.1.5 has also changed as staff recommend Council should move to a lower threshold regarding risk controls given the increasing interest rate volatility.



**4. Financial Considerations**

The decision to recommend to Council to accept the changes to the policy will allow Council to operate more efficiently given Council’s current debt profile is largely associated with the three waters works programme.

**5. Options**

Option 1 – (Recommended)

The Audit and Risk Committee recommend to Council to accept the changes to the Liability Management policy.

Advantages:

- Allows the organisation to manage its total debt profile inclusive of three waters while Council awaits confirmation of transition dates.

Disadvantages:

- There are no foreseeable disadvantages.

Option 2

The Audit and Risk committee do not recommend to Council to accept the changes to the Liability Management policy.

Advantages:

- There are no foreseeable advantages.

Disadvantages:

- Does not allow the organisation to manage its total debt profile inclusive of three waters while Council awaits confirmation of transition dates.

**6. Compliance**

<p><b>Local Government Act 2002 Purpose Provisions</b></p>	<p>This decision promotes the (social/cultural/economic/environmental) wellbeing of communities, in the present and for the future by allowing us to better manage our debt profile.</p>
<p><b>Decision consistent with other Council plans and policies? Such as the District Plan, Economic Development Strategy etc.</b></p>	<p>This is consistent with the current LTP.</p>

<b>Considerations as to sustainability, the environment and climate change impacts</b>	Accepting the policy changes is in line with financial sustainability/strategy.
<b>Risks Analysis</b>	If we do not make the changes the risk is Council cannot manage its debt profile efficiently.
<b>Significance, Consultation and Engagement (internal and external)</b>	The changes do not need to be consulted upon as they are around internal debt management practice.

**7. Next Steps**

Pending endorsement by the Committee, a paper will be taken to Council at their 28 June 2023 meeting to update the policy.

**8. Attachments**

**Appendix 1 - Liability Management Policy - Audit and Risk Committee (2 June 2023)** [↓](#)

Report author:



Susan Finlay  
 Chief Financial Officer  
 23/05/2023

Reviewed and authorised by:



Saskia Righarts  
 Group Manager - Business Support  
 23/05/2023

























2 June 2023

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**6 CHAIR'S REPORT**

**23.2.10 CHAIR'S REPORT**

**Doc ID: 655716**

**1. Purpose**

To consider the Chair's report.

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**Recommendations**

That the report be received.

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**2. Attachments**

**Nil**

2 June 2023

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## **7 MEMBERS' REPORTS**

### **23.2.11 MEMBERS' REPORTS**

**Doc ID: 655717**

#### **1. Purpose**

To consider the members' reports.

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#### **Recommendations**

That the reports be received.

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#### **2. Attachments**

**Nil**

**8 DATE OF THE NEXT MEETING**

The date of the next scheduled meeting is 1 September 2023.



## 9 RESOLUTION TO EXCLUDE THE PUBLIC

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### Recommendations

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

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>Confidential Minutes of Ordinary Committee Meeting</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege  s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)  s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.2.12 - Cybersecurity, Information and Records Management, and Privacy Plans for 2022-2025 Implementation Update</b>	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.2.13 - Protection of Information and Information Systems (Cybersecurity) Policy and Standards</b>	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.2.14 - Cybersecurity Incident Management System</b>	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.2.15 - Health and Safety Audit</b>	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the

	official information for improper gain or improper advantage	disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.2.16 - Strategic Risk Register</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.2.17 - Litigation Register</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>23.2.18 - June 2023 Confidential Governance Report</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7