Far North District Council

Te Kaunihera o Tai Tokerau ki te Raki

AGENDA

Assurance, Risk and Finance Committee Meeting

Wednesday, 1 December 2021

Time: 1.30 pm

Location: Council Chamber

Memorial Avenue

Kaikohe

Membership:

Chairperson John Vujcich
Deputy Chairperson Bruce Robertson
Mayor John Carter
Deputy Mayor Ann Court
Cr Mate Radich
Cr Rachel Smith
Cr Kelly Stratford
Cr Moko Tepania
Member Mike Edmonds
Member Adele Gardner

Far North District Council Te Kaunihera o Tai Tokerau ki te Raki	**Authorising Body**	Mayor/Council
	Status	Standing Committee
COUNCIL COMMITTEE	**Title**	Assurance, Risk and Finance Committee Terms of Reference
	Approval Date	19 December 2019
	Responsible Officer	Chief Executive

Purpose

The purpose of the Assurance, Risk and Finance Committee (the Committee) is to assist and advise the Governing Body in discharging its responsibility and ownership of finance, risk and internal control.

The Committee will review the effectiveness of the following aspects:

- The robustness of financial management practices.
- The integrity and appropriateness of internal and external reports and accountability arrangements.
- The robustness of the risk management framework.
- The robustness of internal controls and the internal audit framework.
- Compliance with applicable laws, regulations, standards, and best practice guidelines.
- The establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.
- Data governance framework

To perform his or her role effectively, each Committee member must develop and maintain

his or her skills and knowledge, including an understanding of the Committee's responsibilities, and of the Council's business, operations, and risks.

Membership

The Council will determine the membership of the Assurance, Risk and Finance Committee including at least one independent appointment with suitable financial and risk management knowledge and experience.

The Assurance, Risk and Finance Committee will comprise of at least five elected members (one of which will be the chairperson), and one independent appointed member.

Mayor Carter

John Vujcich – Chairperson

Bruce Robertson – Deputy Chairperson and Independent Member of the Committee

Moko Tepania

Mate Radich

Rachel Smith

Kelly Stratford

Ann Court

Mike Edmonds

Adele Gardner

Non-appointed Councillors may attend meetings with speaking rights, but not voting rights.

Quorum
The quorum at a meeting of the Assurance, Risk and Finance Committee is 4 members.

Frequency of Meetings
The Assurance, Risk and Finance Committee shall meet every 6 weeks, but may be cancelled if there is no business.

Power to Delegate
The Assurance, Risk and Finance Committee may not delegate any of its responsibilities, duties or powers.

Committees Responsibilities
The Committees responsibilities are described below:

Financial systems and performance of the Council
- Review the Council's financial and non-financial performance against the Long-Term Plan and Annual Plan
- Review Council quarterly financial statements and draft Annual Report

Far North Holdings Limited (FNHL)
- Recommend to Council the approval of statement of intent and Annual Report (s67 LGA)
- Receive 6 monthly report on operations (s66 LGA)
- Receive quarterly financial statements
- Recommend appointment of directors of FNHL

Risk Management
- Review appropriateness of Council's risk management framework and associated procedures for effective risk identification, evaluation, and treatment
- Receive and review risk management dashboard reports
- Provide input, annually, into the setting of the risk management programme of work
- Receive updates on current litigation and legal liabilities

Internal Audit and Controls
- Review whether management has in place a current and comprehensive internal audit framework
- Receive and review the internal audit dashboard reports
- Provide input, annually, into the setting of the internal audit programme of work
- Review whether there are appropriate processes and systems in place to identify and investigate fraudulent behaviour

The Committee will manage Council's relationship with external auditor.

The Committee will approve applications to declare land abandoned and any other such matters under the Rating Act.

Rules and Procedures
Council's Standing Orders and Code of Conduct apply to all the committee's meetings.

Annual reporting
The Chair of the Committee will submit a written report to the Chief Executive on an annual basis. The review will summarise the activities of the Committee and how it has contributed to the Council's governance and strategic objectives. The Chief Executive will place the report on the next available agenda of the governing body.

ASSURANCE, RISK AND FINANCE COMMITTEE - MEMBERS REGISTER OF INTERESTS

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Hon John Carter QSO	Board Member of the Local Government Protection Programme	Board Member of the Local Government Protection Program		
	Carter Family Trust			
John Vujcich (Chair)	Board Member	Pioneer Village	Matters relating to funding and assets	Declare interest and abstain
	Director	Waitukupata Forest Ltd	Potential for council activity to directly affect its assets	Declare interest and abstain
	Director	Rural Service Solutions Ltd	Matters where council regulatory function impact of company services	Declare interest and abstain
	Director	Kaikohe (Rau Marama) Community Trust	Potential funder	Declare interest and abstain
	Partner	MJ & EMJ Vujcich	Matters where council regulatory function impacts on partnership owned assets	Declare interest and abstain
	Member	Kaikohe Rotary Club	Potential funder, or impact on Rotary projects	Declare interest and abstain
	Member	New Zealand Institute of Directors	Potential provider of training to Council	Declare a Conflict of Interest
	Member	Institute of IT Professionals	Unlikely, but possible provider of services to Council	Declare a Conflict of Interest
Bruce Robertson (Deputy)	Chair/Deputy Chair of a number of Audit and Risk Committees: Far North Auckland Bay of Plenty Regional Tauranga Thames Coromandel Hamilton Waipa Otorohanga Waitomo Environment Southland Invercargill Southland.		There is a low level of there being a potential interest conflict. An outside potential is water reform and 'discussion' of one north regional water company in loving North AKD with Watercare.	I remain aware of my roiled and will Raise any matter with the Mayor/CEO and chair of ARF should any matter potentially conflict.
	Currently None are North AKD. Previously I have Undertaken work on Okara Park with Whangarei DC.	Advisory Work.	Okara Park is a regional Stadium. Matter solely related Governance and role of DC. Low risk of conflict.	

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Deputy Mayor Ann Court	Waipapa Business Association	Member		Case by case
	Warren Pattinson Limited	Shareholder	Building company. FNDC is a regulator and enforcer	Case by case
	Kerikeri Irrigation	Supplies my water		No
	District Licensing	N/A	N/A	N/A
	Ann Court Trust	Private	Private	N/A
	Waipapa Rotary	Honorary member	Potential community funding submitter	Declare interest and abstain from voting.
	Properties on Onekura Road, Waipapa	Owner Shareholder	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Property on Daroux Dr, Waipapa	Financial interest	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Flowers and gifts	Ratepayer 'Thankyou'	Bias/ Pre-determination?	Declare to Governance
	Coffee and food	Ratepayers sometimes 'shout' food and beverage	Bias or pre-determination	Case by case
	Staff	N/A	Suggestion of not being impartial or pre-determined!	Be professional, due diligence, weigh the evidence. Be thorough, thoughtful, considered impartial and balanced. Be fair.
	Warren Pattinson	My husband is a builder and may do work for Council staff		Case by case
Ann Court - Partner	Warren Pattinson Limited	Director	Building Company. FNDC is a regulator	Remain at arm's length
	Air NZ	Shareholder	None	None
	Warren Pattinson Limited	Builder	FNDC is the consent authority, regulator and enforcer.	Apply arm's length rules
	Property on Onekura Road, Waipapa	Owner	Any proposed FNDC capital work in the vicinity or rural plan change. Maybe a link to policy development.	Would not submit. Rest on a case by case basis.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Mate Radich	No form received			
Kelly Stratford	KS Bookkeeping and Administration	Business Owner, provides bookkeeping, administration and development of environmental management plans	None perceived	Step aside from decisions that arise, that may have conflicts
	Waikare Marae Trustees	Trustee	Maybe perceived conflicts	Case by case basis
	Bay of Islands College	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Karetu School	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Māori title land – Moerewa and Waikare	Beneficiary and husband is a shareholder	None perceived	If there was a conflict, I will step aside from decision making
	Sister is employed by Far North District Council			Will not discuss work/governance mattes that are confidential
	Gifts - food and beverages	Residents and ratepayers may 'shout' food and beverage	Perceived bias or predetermination	Case by case basis
	Taumarere Counselling Services	Advisory Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
	He Puna Aroha Putea Whakapapa	Trustee	May be perceived conflicts	Should conflict arise, step aside from voting should they apply for funds
	Kawakawa Returned Services Association	Member	May be perceived conflicts	Should conflict arise, step aside from voting should they apply for funds
	Whangaroa Returned Services Association	Member	May be perceived conflicts	Should conflict arise, step aside from voting should they apply for funds
	National Emergency Management Advisor Committee	Member		Case by case basis
	Te Rūnanga ā Iwi o Ngāpuhi	Tribal affiliate member	As a descendent of Te Rūnanga ā Iwi o Ngāpuhi I could have	Declare a perceived conflict should there appear to be one

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
			a perceived conflict of interest in Te Rūnanga ā Iwi o Ngāpuhi Council relations	
	Te Rūnanga ā Iwi o Ngāti Hine	Tribal affiliate member	Could have a perceived conflict of interest	Declare a perceived conflict should I determine there is a conflict
	Kawakawa Business and Community Association	Member		Will declare a perceived conflict should there appear to be one
	Sport Northland	Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
Kelly Stratford - Partner	Chef and Barista	Opua Store	None perceived	
	Māori title land – Moerewa	Shareholder	None perceived	If there was a conflict of interest, I would step aside from decision making
Rachel Smith	Friends of Rolands Wood Charitable Trust	Trustee		
	Mid North Family Support	Trustee		
	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member		
	Vision Kerikeri	Financial Member		
Rachel Smith (Partner)	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member and Treasurer		
	Vision Kerikeri	Financial Member		
	Town and General Groundcare Limited	Director/Shareholder		
Moko Tepania	Teacher	Te Kura Kaupapa Māori o Kaikohe.	Potential Council funding that will benefit my place of employment.	Declare a perceived conflict
	Chairperson	Te Reo o Te Tai Tokerau Trust.	Potential Council funding for events that this trust runs.	Declare a perceived conflict

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Tribal Member	Te Rūnanga o Te Rarawa	As a descendent of Te Rarawa I could have a perceived conflict of interest in Te Rarawa Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Whaingaroa	As a descendent of Te Rūnanga o Whaingaroa I could have a perceived conflict of interest in Te Rūnanga o Whaingaroa Council relations.	Declare a perceived conflict
	Tribal Member	Kahukuraariki Trust Board	As a descendent of Kahukuraariki Trust Board I could have a perceived conflict of interest in Kahukuraariki Trust Board Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga ā-Iwi o Ngāpuhi	As a descendent of Te Rūnanga ā-Iwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā-Iwi o Ngāpuhi Council relations.	Declare a perceived conflict
Mike Edmonds	Chair	Kaikohe Mechanical and Historic Trust	Council Funding	Decide at the time
	Committee member	Kaikohe Rugby Football and Sports Club	Council Funding	Withdraw and abstain
Adele Gardner	N/A - FNDC Honorarium			
	Te Hiku Education Trust	Trustee		
	Te Ahu Charitable Trust	Trustee		
	ST Johns Kaitaia Branch	Trustee/ Committee Member		
	Te Hiku Sports Hub Committee	Committee Member		
	I know many FNDC staff members as I was an FNDC staff member from 1994-2008.			
Partner of Adele Gardner	N/A as Retired			

Far North District Council
Assurance, Risk and Finance Committee Meeting
will be held in the Council Chamber, Memorial Avenue, Kaikohe on:
Wednesday 1 December 2021 at 1.30 pm

Te Paeroa Mahi / Order of Business

1   KARAKIA TIMATANGA – OPENING PRAYER

2   NGA WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Committee and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Team Leader Democracy Support (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

3   TE TONO KŌRERO / DEPUTATION

No requests for deputations were received at the time of the Agenda going to print.

4 CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

File Number: A3051559

Author: Casey Gannon, Meetings Administrator

Authoriser: Aisha Huriwai, Team Leader Democracy Services

PURPOSE OF THE REPORT

The minutes are attached to allow the Committee to confirm that the minutes are a true and correct record of previous meetings.

RECOMMENDATION

That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 20 October 2021 as a true and correct record.

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1) BACKGROUND

Local Government Act 2002 Schedule 7 Section 28 states that a local authority must keep minutes of its proceedings. The minutes of these proceedings duly entered and authenticated as prescribed by a local authority are prima facie evidence of those meetings.

2) DISCUSSION AND OPTIONS

The minutes of the meetings are attached.

Far North District Council Standing Orders Section 27.3 states that no discussion shall arise on the substance of the minutes in any succeeding meeting, except as to their correctness.

Reason for the recommendation

The reason for the recommendation is to confirm the minutes are a true and correct record of the previous meetings.

3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or the need for budgetary provision as a result of this report.

ATTACHMENTS

1. **2021-10-20 Assurance, Risk and Finance Committee Minutes - A3442633** ⇩ 📄

Compliance schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1.   A Local authority must, in the course of the decision-making process,

    a)   Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and

    b)   Assess the options in terms of their advantages and disadvantages; and

    c)   If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.

2.   This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	This is a matter of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	This report complies with the Local Government Act 2002 Schedule 7 Section 28.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	It is the responsibility of each meeting to confirm their minutes therefore the views of another meeting are not relevant.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	There are no implications for Māori in confirming minutes from a previous meeting. Any implications on Māori arising from matters included in meeting minutes should be considered as part of the relevant report.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example, youth, the aged and those with disabilities).	This report is asking for minutes to be confirmed as true and correct record, any interests that affect other people should be considered as part of the individual reports.
State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or the need for budgetary provision arising from this report.
Chief Financial Officer review.	The Chief Financial Officer has not reviewed this report.

**MINUTES OF FAR NORTH DISTRICT COUNCIL
ASSURANCE, RISK AND FINANCE COMMITTEE MEETING
HELD AT THE HELD VIRTUALLY VIA MICROSOFT TEAMS
ON WEDNESDAY, 20 OCTOBER 2021 AT 1.30 PM**

PRESENT: Chairperson John Vujcich, Member Bruce Robertson, Mayor John Carter (HWTM), Cr Mate Radich, Cr Kelly Stratford, Member Mike Edmonds, Member Adele Gardner

IN ATTENDANCE: Shaun Clarke (Chief Executive Officer), William J Taylor, MBE (General Manager Corporate Services), Dean Myburgh (General Manager District Services), Andy Finch (General Manager Infrastructure and Asset Management), Darren Edwards (General Manager Strategic Planning and Policy)

1   KARAKIA TIMATANGA – OPENING PRAYER

 Chair Vujcich opened with a karakia.

2   NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST

RESOLUTION 2021/1

Moved: Chairperson John Vujcich
Seconded: Cr Kelly Stratford

That apologies from Deputy Mayor Ann Court, Cr Rachel Smith, and Cr Moko Tepania and early departure for His Worship the Mayor be received and accepted.

<u>In Favour:</u>   John Vujcich, Bruce Robertson, John Carter, Kelly Stratford, Mike Edmonds and Adele Gardner

<u>Against:</u>   Nil

CARRIED

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3   NGĀ TONO KŌRERO / DEPUTATION

Jane Johnston gave a deputation.

At 1:42 pm, Mayor John Carter left the meeting.

4   CONFIRMATION OF PREVIOUS MINUTES

4.1   CONFIRMATION OF PREVIOUS MINUTES

Agenda item 4.1 document number A3051550, pages 12 - 19 refers.

RESOLUTION 2021/2

Moved: Member Adele Gardner
Seconded: Member Bruce Robertson

That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 8 September 2021 as a true and correct record.

<u>In Favour:</u>   John Vujcich, Bruce Robertson, Mate Radich, Kelly Stratford, Mike Edmonds and Adele Gardner

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Against:	Nil
	CARRIED

5   INFORMATION REPORTS

5.1   OCTOBER 2021 RISK MANAGEMENT REPORT

Agenda item 5.1 document number A3422395, pages 20 - 35 refers.

MOTION

Moved: Member Bruce Robertson
Seconded: Cr Mate Radich

That the Assurance, Risk and Finance Committee receive the report October 2021 Risk Management Report.

AMENDMENT

Moved: Member Mike Edmonds
Seconded: Chairperson John Vujcich

request that workplace harrassment risk and a high level treatment plan be added to the Health and Safety and Wellbeing plan and reported on as part of the regular Health and Safety and Wellbeing report.

In Favour:	John Vujcich, Bruce Robertson, Mate Radich, Kelly Stratford, Mike Edmonds and Adele Gardner
Against:	Nil

CARRIED

The amendment became the substantive motion

RESOLUTION 2021/3
Moved: Member Mike Edmonds
Seconded: Chairperson John Vujcich

That the Assurance, Risk and Finance Committee:

   a)   **receive the report October 2021 Risk Management Report; and,**

   b)   **request that workplace harassment risk and a high level treatment plan be added to the Health and Safety and Wellbeing plan and reported on as part of the regular Health and Safety and Wellbeing report.**

In Favour:	John Vujcich, Bruce Robertson, Mate Radich, Kelly Stratford, Mike Edmonds and Adele Gardner
Against:	Nil

CARRIED

5.2   COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 AUGUST 2021

Agenda item 5.2 document number A3422393, pages 36 - 53 refers.

RESOLUTION 2021/4

Moved: Cr Mate Radich
Seconded: Chairperson John Vujcich

That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 31 August 2021.

In Favour: John Vujcich, Bruce Robertson, Mate Radich, Kelly Stratford, Mike Edmonds and Adele Gardner

Against: Nil

CARRIED

5.3   REVENUE RECOVERY REPORT - 30 SEPTEMBER 2021

Agenda item 5.3 document number A3422699, pages 54 - 59 refers.

RESOLUTION 2021/5

Moved: Cr Kelly Stratford
Seconded: Member Adele Gardner

That the Assurance, Risk and Finance Committee receive the report Revenue recovery report - 30 September 2021.

In Favour: John Vujcich, Bruce Robertson, Mate Radich, Kelly Stratford, Mike Edmonds and Adele Gardner

Against: Nil

CARRIED

5.4   ASSURANCE, RISK AND FINANCE COMMITTEE ACTION SHEET UPDATE SEPTEMBER 2021

Agenda item 5.4 document number A3400605, pages 60 - 61 refers.

RESOLUTION 2021/6

Moved: Chairperson John Vujcich
Seconded: Member Bruce Robertson

That the Assurance, Risk and Finance Committee receive the report Action Sheet Update September 2021.

In Favour: John Vujcich, Bruce Robertson, Mate Radich, Kelly Stratford, Mike Edmonds and Adele Gardner

Against: Nil

CARRIED

6   TE WĀHANGA TŪMATATI / PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

COMMITTEE RESOLUTION 2021/7

Moved: Cr Mate Radich
Seconded: Chairperson John Vujcich

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
6.1 - Confirmation of Previous Minutes	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	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
6.2 - October Audit and Assurance Report	s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority	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
6.3 - Technology Update Report	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

In Favour: John Vujcich, Bruce Robertson, Mate Radich, Kelly Stratford, Mike Edmonds and Adele Gardner

Against: Nil

CARRIED

RESOLUTION 2021/20

Moved: Chairperson John Vujcich
Seconded: Cr Kelly Stratford

That Assurance Risk and Finance Committee move out of Closed Committee into Open meeting.

In Favour: John Vujcich, Bruce Robertson, Mate Radich, Kelly Stratford, Mike Edmonds and Adele Gardner

Against: Nil

CARRIED

CONFIRMATION OF INFORMATION AND DECISIONS TO BE RELEASED IN PUBLIC

RESOLUTION 2021/9

Moved: Chairperson John Vujcich
Seconded: Cr Kelly Stratford

That Assurance, Risk and Finance Committee confirms the information and decisions contained in the part of the meeting held with public excluded remain in public excluded.

In Favour: John Vujcich, Bruce Robertson, Mate Radich, Kelly Stratford, Mike Edmonds and Adele Gardner

Against: Nil

CARRIED

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7   KARAKIA WHAKAMUTUNGA – CLOSING PRAYER

Cr Kelly Stratford closed with a karakia.

8   TE KAPINGA HUI / MEETING CLOSE

The meeting closed at 2:29 pm.

The minutes of this meeting will be confirmed at the Assurance, Risk and Finance Committee Meeting held on 1 December 2021.

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CHAIRPERSON

5 REPORTS

5.1 REQUEST DECISION ON CLIMATE CHANGE RISK RECOMMENDATIONS

File Number: A3475964

Author: Tanya Reid, Business Improvement Specialist

Authoriser: William J Taylor MBE, General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To seek approval to accept the Climate Change Risk Reference Group recommendation that our current risk position be categorised into four climate change risk themes.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- Council has recognised climate change as one of our top organisational risks as it poses significant risks:
  - to the community through environmental impacts (climatic, geographic, public health, social, economic, and financial); and
  - significant risk through transition challenges to Council (compliance, governance, legal, financial and policy).
- Climate change is complex and multi-faceted.
- Risk Management is one of the key pillars to manage climate change.
- This report recommends separating the current climate change risk (ARF001) into four grouped under a broader climate change risk statement to maintain a whole of climate change risk view.
- This supports a whole of Council view while allowing for an intentional strategic focus on treatments with clear outcomes and accountability.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee:

a) **Remove ARF001 Climate Change risk from the top organisational dashboard.**

b) **Adopt four climate change risks onto the top organisational risk dashboard. The four risks are:**

    i) **ARF015 Climate Change Organisation Transition Risk**

    ii) **ARF016 Climate Change Community Transition Risk**

    iii) **ARF017 Climate Change Direct Risk to Council Physical and Natural Assets**

    iv) **ARF018 Failure to understand and capture climate-related opportunities.**

c) **Establish regular risk progress reports, for each risk, to the Assurance, Risk and Finance Committee.**

d) **Rescore risks and reports, at least annually, a climate change risk management overview to the Assurance, Risk and Finance Committee on the management and progress to treat the climate change risks.**

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1) TĀHUHU KŌRERO / BACKGROUND

Climate change risk across New Zealand councils

- The Auditor General in his October 2021 "Observations on local government risk management practices" reported on the management of climate change risk across New Zealand councils. From section 5 of this report:

- Six councils in our survey said that their number one risk was responding to climate change impacts. Several other councils included this in their top five risks.

- Climate change poses risks to council activities, and council activities affect the climate. Councils need to:

  o advise their elected members of these risks;

  o communicate these risks to their communities; and

  o make informed decisions about how to manage their assets and deliver services in response to these risks, including assessing options and their cost implications.

- As at February 2020, 17 councils have declared climate emergencies. However, in their responses to our survey, some of those councils did not have climate-related risks in their top five risks. This might be because those councils are not integrating their climate-related strategy and/or policy decisions into their risk management practices. Another reason might be that councils have incorporated climate change-related risks into other risk categories, such as asset failure.

- If councils are to make well-informed decisions about their climate change work programmes, it is important that they integrate their decision-making and risk management. This also demonstrates to their communities that they are acting on their climate emergency declarations.

- The Taskforce on Climate-related Financial Disclosures (TCFD) framework has been developed to provide clear and comprehensive information on the impacts of climate change. The framework is structured around four core categories, one of which is risk management. Councils are encouraged to become familiar with the framework.

Climate-related disclosures

Under section 5ZW of the Climate Change Response (Zero Carbon) Amendment Act 2019 (CCRA) the Minister can request local governments to provide information on how they are responding to climate change.

Additionally, The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill, which was passed in October 2021, will ensure large financial entities disclose and act on climate-related risks and opportunities. Mandatory disclosures for all "climate reporting entities" will be required for each financial year beginning in 2023. For local government this means that elements of the private sector (e.g. banks, insurers, credit agencies) are increasingly likely to seek information from local government about how they respond to climate change.

Both the mandatory climate-related financial disclosures and the power to request information under the CCRA are aligned with the Task Force on Climate-related Financial Disclosures (TCFD) (see Illustration 1). These incorporate four key themes: governance, strategy, risk management, and metrics and targets. Under each theme, 11 disclosures are recommended.

Risk Management is one of the key pillars with three recommended disclosures:

- Describe the organisations processes for identifying and assessing climate-related risks;

- Describe the organisations processes for managing climate-related risks; and

- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisations overall risk management.

- *Illustration 1: Diagram illustrating Task Force framework of 11 key disclosures over four pillars*

Task Force on Climate-related Financial Disclosures

New Zealand's standard will be based on the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) Framework. This framework has 11 key disclosures over 4 pillars:

Governance	Strategy	Risk Management	Metrics & Targets
Oversight of Climate-related risks and opportunities	Actual and potential impacts of climate-related risks and opportunities in business, strategy and financial planning, if material	Process used to identify, assess and manage climate-related risks	Assess and manage relevant climate-related risks and opportunities, where material
Recommended Disclosures a) Describe the board's oversight of climate-related risks and opportunities b) Describe management's role in assessing and managing climate-related	**Recommended Disclosures** a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	**Recommended Disclosures** a) Describe the organisation's processes for identifying and assessing climate-related risks. b) Describe the organisation's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	**Recommended Disclosures** a) Disclosure the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclosure Scope 1, Scope 2, and, if appropriate, Scope3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Far North District Council Climate Change Roadmap

The Far North District Council Climate Change Roadmap April 2020 (attached as an appendix) articulates FNDC's broad approach to climate change, including goals and associated guiding principles. The Roadmap also presents proposed action plans in four key focus areas involving mitigation and adaptation. These are:

1. **Walking the talk** - Council reduces its carbon emissions.

2. **Reducing our carbon emissions together** - Supporting our communities to achieve zero carbon by 2050.

3. **Prudent future proofing** - Managing council's services, resources, and assets to future-proof them from the risks of climate change.

4. **Developing resilience** - Help our communities prepare for and adapt to the impacts of climate change.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

Council has recognised climate change as one of our top organisational risks as it poses significant risks to the community through environmental impacts (climatic, geographic, public health, social, economic, and financial); and significant risk through transition challenges to Council (compliance, governance, legal, financial and policy).

Elected Members acknowledge that we are experiencing the impact of a changing climate and will continue to do so. While there are a mix of views there is consensus that there is a need to focus efforts to prepare communities, look after our assets and inform their decision making.

Council's current climate change risk statement

In November 2018, the Assurance, Risk and Finance Committee drafted and scored their top organisational risks. These were adopted by Council in May 2019. Since adoption onto the top organisational risk dashboard, "climate change risk" has been subject to several deep dives and

risk progress reports. The current risk statement for ARF001: Climate Change & Natural Disasters and its risk scoring is articulated in Table 1 below.

- *Table 1: Climate change risk statement and scoring*

Risk Score	Risk description	Impacts	Treatments
Inherent risk score=63 **Residual score = 30**	**Climate Change & Natural Disasters** • Major flooding frequency • Insurance losses & assets • Frequent weather events • Effect on Infrastructure	Large / long term financial exposure & investment Political pressure Public pressure / impacts Negative press and PR High demand on specialist resource / contractors	Robust district climate change plan developed and integrated into district & annual plans Investment plan linked to plans Long term expense factored into all planning and budgeting processes Regional and national support options explored (financial)

Climate Change Risk Reference Group

At the latest deep dive meeting (March 2021) it was agreed to review the risk statement with the goal of separating the risk into at least two risks to enable clear focus, then to report back to the Assurance, Risk and Finance Committee for discussion. Since the March 2021 deep dive the terms of reference for the Climate Change Risk Reference Group were signed off (July 2021) and the group held their inaugural meeting in August 2021.

The purpose of the Climate Change Risk Reference Group is to support the provision of a "joined up connected" climate change response. The objective of this reference group is to support the operationalisation of Council's climate change policy by:

- Providing advice and guidance;
- Exploring opportunities within Council to future proof Council;
- Informing specific elements of proposed work;
- Championing the work of the climate change programme;
- Building an organisational network; and
- Supporting the three lines of defence for climate change risks through:
  - systems of control (help to monitor the risk and ensure right resources are allocated), and
  - governance (effectively manage escalation of the risk and define strategies to manage).

The Climate Change Risk Reference Group have reviewed and analysed climate change position documents, presentations, and information from MfE, then workshopped our risk position as requested by the Assurance, Risk and Finance Committee in March 2021. This risk position was then reviewed by Te Whakahaere (Te Whakahaere are a climate professional services firm who have been engaged by Council for their expertise in this area). The outcome from this risk workshop, and the Te Whakahaere review, is provided in the next section which analyses Council's climate change risks.

CLIMATE CHANGE RISK ANALYSIS

Development of climate change risks

The Climate Change Risk Reference Group recommends that our current risk position be categorised into four climate change risk themes. Three themes are traditional risks with the potential for adverse consequences, and the fourth centres on the opportunity to capture the positive outcomes that may arise from a changing climate and climate change goals and/or legislation. The objective is to articulate clearly defined and specific climate change risks to drive clear treatments.

Climate change is complex and multi-faceted. Separating these risks supports a whole of Council view while allowing for an intentional strategic focus on treatments with clear outcomes and accountability to support allocation of resources and management of. On Council's top risk dashboard, these four climate change risks will be grouped under a broader climate change risk statement to maintain a whole of climate change risk view (see Table 2).

- *Table 2: Proposed climate change risk statements*

Cause (Because of…)	Risk (there is a chance that…)	Effect (leading to…)
ARF015: Climate Change Organisation Transition Risk This is a wicked problem, and we are a complex organisation. We need to transition our organisation to meet the requirements of a lower carbon, climate-resilient economy while ensuring prudent management, regulatory compliance, and full disclosure to our communities of vulnerabilities to climate change.	Not understanding, or implementing, treatments.	Failure to comply with regulatory requirements; legal challenge resulting in fines and penalties; poor decision-making which negatively impacts our communities and Council; impact on our financial sustainability, and reputational damage.
ARF016: Climate Change Community Transition Risk Not working with communities to identify vulnerabilities, to things of value in those communities, due to potential changes in the climate.	We do not work with communities to identify solutions to drive targeted action and investment in adaptation and mitigation.	Inequitable transition of our communities; and may worsen pre-existing inequities. We do not meet our community wellbeing obligations. Exposure of the community to rapid market disruption. We miss out on potential opportunities.
ARF017: Climate Change Direct Risk to Council Physical and Natural Assets Neither identifying the physical hazards and vulnerabilities, nor engaging with our communities, to plan for and mitigate the impacts of climate change on our infrastructure and levels of service.	Infrastructure may be exposed and vulnerable. Natural assets may become eroded/damaged.	Leading to damaged/lost infrastructure impacting levels of service, community wellbeing, environmental damage and financial cost to communities and Council. Ecosystem services may reduce, placing increased risk on operational costs.
ARF018: Failure to understand and capture climate-related opportunities Failing to identify and investigate opportunities such as resource efficiency, energy source, new economic opportunities, markets, and resilience.	New opportunities for Council and our communities are not actioned.	Reduced Council and community growth and resilience. Increased pressure on Council long-term financial sustainability.

Scoring of climate change risks

The Climate Change Risk Reference Group scored the inherent risk for each climate change risk. The risks are scored by identifying both the risk impact for five organisational areas (see Table 3) and the likelihood of the risk occurring (see Table 4). For each organisational area, the risk impact is given a score of "High to Intolerable", "Medium" or "Low to None" and the likelihood is rated as

either "Will happen", "Probable" or "Unlikely". The impact and likelihood matrix are used to determine the values for each climate change risk (see Table 5). The likelihood of all four risks materialising is assessed as "will happen".

- *Table 3: Description of risk impact for each organisation area*

Organisation area	Description
Financial	Impact on Budget, Department or Team; and /or Impact on annual Council budget
Customer	Financial impact to customer due to loss of a provision of essential service, or essential piece of infrastructure
Reputational	The impact on FNDC's reputation
Compliance/Legal	The legal impact on FNDC's legal adherence / regulatory compliance
Health and Safety	The impact to people(s) health & safety arising from FNDC operations or a situation where FNDC are liable

- *Table 4: Description of likelihood*

Likelihood	Description
Will happen	The risk is likely to occur. There is frequent exposure to the risk. There are external influences that make managing this risk ineffective.
Probable	The risk will possibly occur e.g. once in every 2-year event There is an exposure to the risk. There are external influences that make managing this risk difficult.
Unlikely	The risk is unlikely to occur e.g. once in every 10-year event There is a low exposure to the risk.

- *Table 5: Impact and likelihood matrix*

		Likelihood (probability)		
		Unlikely	Probable	Will Happen
Impact	High to Intolerable	5	7	9
	Medium	3	5	7
	Low to None	1	3	5

An inherent risk score has been estimated for each climate change risk. This was derived by summing the risk value for each organisational area (See Table 6).

- *Table 6: Inherent risk score for each climate change risk (inc. organisational area score and overall score)*

Risk	Organisational area	Impact	Likelihood	Inherent risk score
ARF015: Climate Change Organisation Transition Risk	Financial	High to Intolerable	Probable	7
	Customer	High to Intolerable	Probable	7
	Reputational	Medium	Will Happen	7
	Compliance/Legal	Low	Unlikely	1
	Health and Safety	High to Intolerable	Will Happen	9
			Overall score	31
ARF016:	Financial	High to Intolerable	Probable	7

Risk	Organisational area	Impact	Likelihood	Inherent risk score
Climate Change Community Transition Risk	Customer	High to Intolerable	Will Happen	9
	Reputational	High to Intolerable	Will Happen	9
	Compliance/Legal	Medium	Probable	5
	Health and Safety	High to Intolerable	Will Happen	9
			Overall score	**39**
ARF017: Climate Change Direct Risk to Council Physical and Natural Assets	Financial	High to Intolerable	Will Happen	9
	Customer	High to Intolerable	Will Happen	9
	Reputational	High to Intolerable	Will Happen	9
	Compliance/Legal	High to Intolerable	Unlikely	5
	Health and Safety	High to Intolerable	Unlikely	5
			Overall score	**37**
ARF018: Failure to understand and capture climate-related opportunities	Financial	High to Intolerable	Will Happen	9
	Customer	High to Intolerable	Will Happen	9
	Reputational	High to Intolerable	Will Happen	9
	Compliance/Legal	Low	Unlikely	1
	Health and Safety	Low	Unlikely	1
			Overall score	**29**

Responsibilities

All four climate change risks remain classified as both organisational and strategic risks with the GM-SPP responsible for risk governance. All climate change risks would be subject to regular three-monthly risk progress reports, excepting the risk identified as ARF018: Failure to understand and capture climate-related opportunities which would be on a six-monthly report cycle. Further the reports will be scheduled so at least one climate change risk progress report is on each Assurance, Risk and Finance Committee agenda. The risks have been recorded on the SPP Group Risk Register to enable management at a Group level.

High level treatments

Council has identified, and continues to work to identify and propose, high level treatments for the climate change risks. The Assurance, Risk and Finance Committee risk reporting rhythm includes regular risk progress reports which will capture and report on treatments, progress, and gaps. The following is a brief summary (in alphabetical order) of examples of identified and proposed treatments:

- Civil Defence Regional Lifelines climate change risk assessment

- Develop a framework to quantify effectiveness of climate change treatments

- Development of a climate assessment policy (CAP) to provide a robust and consistent

    framework for responding to climate-related issues

- District Plan

- Engagement of Te Whakahaere to prepare a Climate Assessment Policy

- Far North District Council Climate Change Roadmap
- Implement ComplyWith (legislative compliance tool)
- Improved consideration of climate change in asset management plans and associated operational procedures
- Improved reporting lines (across operations and up to elected members), monitoring and evaluation of KPIs (e.g. reporting dashboard) District Plan
- NRC Regional Plan
- NRC Regional Policy Statement
- Organisation climate change communication and engagement strategy
- Parks and Reserves Policy
- Programme Darwin
- Regional climate change adaptation strategy
- Risk analysis to support decision reports
- Task Force on Climate-related Financial Disclosures (5ZW) – aligned public disclosure statement

Many of the proposed (and yet to be identified) treatments are, or will be, inter-connected. We will also need to ensure that there is whole of Council support to facilitate adaptation to climate change effects and to consider cumulative risk and wider flow on effects to our district of decisions made now.

Take Tūtohunga / Reason for the recommendation

The Climate Change Risk Reference Group has recommended**:**

a) ARF001 Climate Change risk is removed from the top organisational dashboard – this is because we propose to replace it with the recommendation in "b" below

b) To enable greater clarity and ability to align with auditor and market expectations and regulatory approaches, it is recommended that the four climate change risks are adopted onto the top organisational risk dashboard. The four risks are identified as:

    i) ARF015 Climate Change Organisation Transition Risk

    ii) ARF016 Climate Change Community Transition Risk

    iii) ARF017 Climate Change Direct Risk to Council Physical and Natural Assets

    iv) ARF018 Failure to understand and capture climate-related opportunities

c) To ensure that the climate risk is managed effectively it is recommended that each risk is subject to a regular risk progress report to the Assurance, Risk and Finance Committee

d) To enable FNDC to track risk and risk management measure it is recommended that at least annually there is a climate change group risk progress report which provides an overview to the Assurance, Risk and Finance Committee on the management and progress to treat the climate change risks

e) Recognising the dynamic nature of climate risk, it is recommended that these risks are regularly rescored due to the evolving environment - both the government's response to managing the transitional risks, and the consequences of climate change

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

No additional budgetary provision is requested.

ĀPITIHANGA / ATTACHMENTS

1.   **2019 10 Simplified Organisational Risk Categories with Impact and Likelihood Statements - A3477371** ⇩ 📄
2.   **Q03 Far North District Council Climate Change Road Map April 2020 - A3477373** ⇩ 📄

Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1.   A Local authority must, in the course of the decision-making process,

    a)   Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and

    b)   Assess the options in terms of their advantages and disadvantages; and

    c)   If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.

2.   This section is subject to Section 79 - Compliance with procedures in relation to decisions.

| He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the [Council's Significance and Engagement Policy](#)	The recommendation in this report does not meet the thresholds as per the Council's significance and engagement policy.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Risk Management Policy.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	None
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	The recommendation in this report does not have any direct implications for Māori.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	There are no affected or interested parties to this recommendation.
State the financial implications and where budgetary provisions have been made to support this decision.	There is no financial implication or request for budgetary provision.
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report.

Organisational Risk Impact and Likelihood Statements

	Financial	FNDC Customer (ratepayer, resident and/or other occupant)		Reputation	Compliance / Legal	Health & Safety
Impact if risk is left "as is":	Impact on Budget, Department or Team; and /or Impact on annual Council budget in $	Financial impact to customer	Customer impact due to loss of a provision of essential service, or essential piece of infrastructure	The impact on FNDC's reputation	The legal impact on FNDC's legal adherence / regulatory compliance	The impact to people(s) health & safety arising from FNDC operations or a situation where FNDC are liable
High to Intolerable	• >10% of project or departmental budget; • >$100,000 OPEX pa impact to Council budget; and/or • ≥ 0.3% rates increase	>$10k		• External reputation severely damaged, considerable effort and expense required to recover e.g. o 2-5 years to re-establish confidence; • Loss of national trust & confidence including government such as: o Trending presence in national and international media; and/or • > 15% staff turnover pa and/or turnover of organisational critical roles	• FNDC get challenged and are found to be non-compliant with : o appointment of a commissioner under the LGA; o criminal conviction and/or fines, penalties; or o legal exposure in excess of $500,000; and/or • Contract: termination of contract (breach / default etc.)	Any loss of life Serious injury / disability (as defined by the Act) to one or more lives and/or Public Health outcome
Medium	• 1% - 10% of project or departmental budget; and/or • $50,000 to $100,000 OPEX pa impact to Council budget and/or • 0.1 to 0.3% rates increase	$5k - $10k		• External reputation damaged, effort and expense is required to recover; and/or • Loss of regional trust & confidence including iwi, funding partners and elected members such as: o Presence in regional/local media only; and/or o 1-2 years to re-establish confidence. • 10- 15% staff turnover pa with "normal" turnover of organisational critical roles	• FNDC get challenged and are found to be non-compliant with o fines, penalties or legal exposure <$500,000 • Contract: receive written notice form the contractor threatening termination if not rectified	Minor harm and/or isolated recoverable illness
Low to None	• < 1% of project or departmental budget; and/or • <$50,000 OPEX pa impact to Council budget and/or • <0.1 rates increase	<5k		• External reputation minimally affected, little effort or expense required to recover; and/or • Loss of stakeholder trust & confidence at local level o Presence in local media only; and/or o <1 year to re-establish confidence. • <10% staff turnover pa	• Might be challenged or threat of litigation: o but are compliant; or o have the appetite to tolerate non-compliance cost (treating exceeds legal penalty we could receive.) • Contract: receive verbal advice that, if breaches continue a default notice may be issued; or results in meeting between two parties in which contractor expresses concern	

Chart: People (Far North population) vs Hours (delay)
> 1000
6 to 1000
<6
<12 | 12-24 | >24
Hours (delay)

Key to impact
Intolerable	
Medium	
Low to None	

Probability:	
Will happen	The risk is likely to occur. There is frequent exposure to the risk. There are external influences that make managing this risk ineffective.
Probable	The risk will possibly occur e.g. once in every 2 year event There is an exposure to the risk. There are external influences that make managing this risk difficult.
Unlikely	The risk is unlikely to occur e.g. once in every 10 year event There is a low exposure to the risk.

Score by impact and likelihood			
High to Intolerable	5	7	9
Medium	3	5	7
Low to None	1	3	5
	Unlikely	Probable	Will happen

Date: 10 2019   Author: Tanya Reid
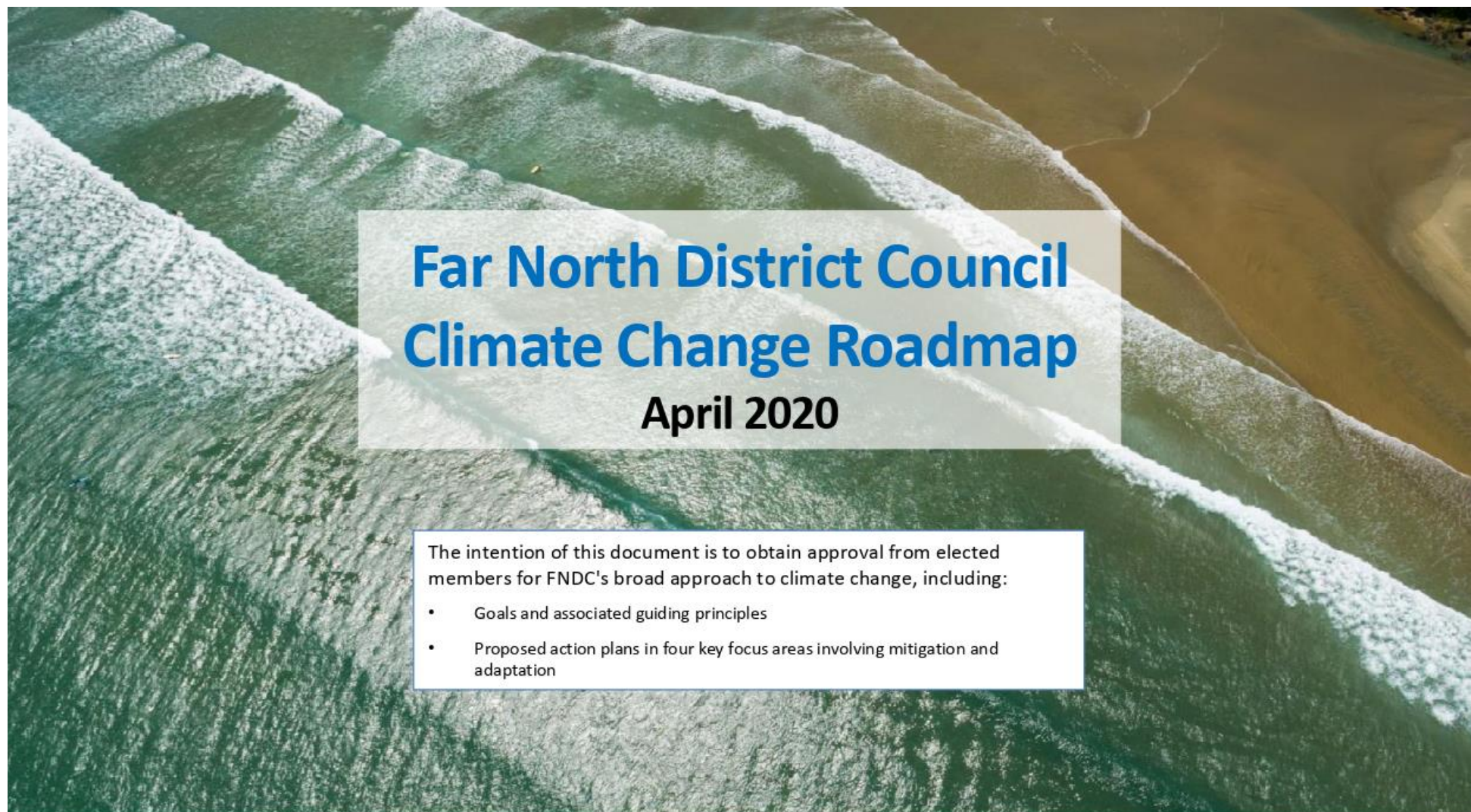
CLIMATE CHANGE CONTEXT AND COUNCIL'S RESPONSE

Far North District Council
Te Kaunihera o Tai Tokerau Ki te Raki

GLOBAL CONTEXT

- Due largely to increasing levels of greenhouse gases in the atmosphere, the planet is experiencing a warming trend that is happening faster than has been seen in recent history (Source: Intergovernmental Panel on Climate Change, IPCC - 2013).
- Eighteen of the 19 warmest years since 1951 have all occurred since 2001.(NASA).

Source: NASA "Global temperature chart. Accessed 16/01/2020
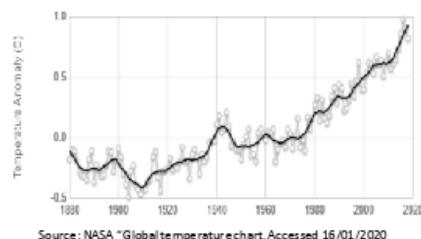
NATIONAL CONTEXT

- The extent of warming in New Zealand will depend on the level of global carbon emissions, which has been forecast by Ministry for the Environment using a range of scenarios.
- Even under a low emissions scenario, the temperature will increase in New Zealand and the sea level will rise.

Source: MfE – Climate Change Projections 2016

FAR NORTH CONTEXT
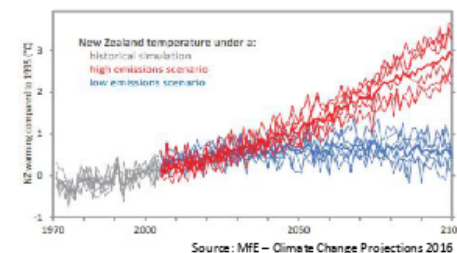
Climate change effects

A range of impacts of climate change have been projected for Northland by NIWA:

- Sea level rise
- More warmer days
- Frosts becoming very rare
- More droughts
- More extreme weather events

Summary NIWA Northland predictions: LINK
Detailed report: LINK

Potential impacts

- Severe storms
- Coastal erosion & inundation
- Water shortages/drought
- Increased estuarine sedimentation
- Contamination of soil
- Salination of water sources/aquifers
- Slips and floods
- Damage to the transport and infrastructure networks
- Threat of vector diseases
- Threat of new agricultural pests.

Significant risks to the community

- Coastal retreat and displacement of people
- Public health risks
- Burden of rates for the District as whole and especially for deprived communities
- Increasing risk of forest fires
- Agriculture/horticulture will be different, and the economy will change
- More civil defence emergencies.

"We need to think and plan ahead now"

Quote from survey of managers at FNDC

Significant risks for Council

- Vulnerable infrastructure
- Vulnerable parks and reserves
- Large/long term financial risks
- Cost to protect/shift/future-proof infrastructure and assets
- Increasing insurance costs and potential inability to insure some areas
- Reputational risks
- Our ability to borrow money will be at risk if we have inadequate climate-related financial disclosure.

FNDC'S STATUTORY OBLIGATIONS

- Council has obligations and responsibilities under the Resource Management Act, the Local Government Act, the Civil Defence Act and particularly the Zero Carbon Amendment Act 2019.
- Our policies must be consistent with Northland Regional Council's Regional Policy Statements relating to hazards and biodiversity, water quantity and quality.

FNDC'S RESPONSE TO DATE

- Council has acknowledged that climate change is the number one risk it faces
- FNDC signed the Local Government Leaders Declaration in 2017, committing to *"develop and implement **ambitious action plans**"* for climate change mitigation and adaptation
- We are an active member of the Climate Adaptation Te Taitokerau (CATT) Group of the four local authorities in Northland charged with developing the Regional Climate Change Adaptation Framework
- In August 2019 Council resolved that a KPI for the Chief Executive was to develop a Climate Change Roadmap.

DEVELOPING THIS ROADMAP

Work to date (May 2020) included:

- A survey of all senior managers at FNDC
- Forming an internal Climate Change Working group
- Preparing website and education materials/links
- Study of government guidelines, what other local authorities are doing and attendance at relevant conferences
- Commissioning a carbon footprint assessment for Council itself.

CLIMATE CHANGE GOALS AND GUIDING PRINCIPLES

Far North
District Council
Te Kaunihera o Tai Tokerau Ki te Raki

CLIMATE CHANGE GOALS

1. Council reduces its own greenhouse gas emissions in line with the Government's national emission reduction targets or better.

2. Council supports the businesses and communities of the Far North towards a Carbon Zero 2050.

3. Council future-proofs its resources, assets and services from the risks of climate change.

4. Council works with the communities of the Far North to prepare for and adapt to the impacts of climate change.

Council will engage in dialogue with the community on the goals and guiding principles before they are formally adopted

GUIDING PRINCIPLES

1. We acknowledge the reality of climate change and will act now in response to the risks this poses
There is clear evidence of the need to act now on climate change to reduce future risks and costs for our District. We will make climate change risks a key consideration in all our planning and decisions.

2. We recognise the importance of kaitiakitanga
We recognise the role of tangata whenua as kaitiaki in relation to natural and physical resources in their rohe and will engage with tangata whenua regarding climate change issues.

3. We will be thoughtful and considered in our planning for climate change
Long-term thinking, policies and actions will ensure the needs of current and future generations are met. The risks of climate change are complex, so we will be careful and considered in our approach. Our plans will evolve over time as new information and data on climate change becomes available.

4. We will learn with and support our communities to address the risks and potential opportunities of climate change
Enhancing the resilience and readiness of our communities and businesses will help us adapt to climate change. We will engage with our communities and also advocate on their behalf to central government.

5. We will work cooperatively with others
The nature and scale of climate change means that we cannot go it alone in our approach to climate change. We will work together with central government and other agencies as well as community groups, iwi and hapū to co-ordinate our response.

"This is not centuries away, it's happening now ... it is an urgent problem"

Professor James Renwick – Professor of Physical Geography at Victoria University, member of the Climate Commission

"Make sure climate change is the centre of all planning moving forward"

Quote from survey of managers at FNDC

"Climate change is the defining issue of our time and we are at a defining moment"

United Nations

TWO KEY RESPONSES TO CLIMATE CHANGE - MITIGATION & ADAPTATION

Far North District Council
Te Kaunihera o Tai Tokerau ki te Raki

Mitigation

Reducing or preventing the emission of greenhouse gases

The Paris Agreement target is to limit global temperature increase this century to between 1.5 - 2°C above pre-industrial levels. Global temperatures are already between 0.8-1.0°C above this level, so the window to respond is narrowing rapidly.

In line with the Paris agreement, the Climate Change Response (Zero Carbon) Amendment Act 2019 (ZCA) sets targets for New Zealand:

- To reduce emissions of greenhouse gases (except biogenic methane) to net zero by 2050 and to reduce emissions of biogenic methane to 24–47 per cent below 2017 levels by 2050, including to 10 per cent below 2017 levels by 2030 (ten years' time)

Under this legislation, Council will be required to reduce its own carbon emissions and report on progress to government.

Adaptation

Adapting to climate change

Climate change poses many threats but there will also be opportunities. Our challenge is to adapt to these changes.

We will operationalise climate change adaptation so it becomes 'business as usual' through our strategies and plans including the Long Term Plan, the District Plan, our Infrastructure Strategy, Asset Plans and the Financial Plan. This will result in 'on the ground' infrastructure projects in the coming years that have climate change objectives and decision making in Council that is informed by climate change policy, standards and science.

Adaptation and Mitigation Activity can be Linked

Our actions to adapt to climate change can be linked to climate change mitigation. For example, planting trees on marginal land to help reduce erosion will also assist mitigation through increased carbon sequestration. Conversely, some major adaptation projects may mean an increase in council's carbon footprint

FOUR FOCUS AREAS

RESPONDING TO CLIMATE CHANGE

	MITIGATION	ADAPTATION
COUNCIL	**1** "Walking the talk" Council reduces its carbon emissions	**3** "Prudent future proofing" Managing council's services, resources and assets to future-proof them from the risks of climate change
FOCUS AREAS **THE COMMUNITY**	**2** "Reducing our carbon emissions together" Supporting our communities to achieve zero carbon by 2050	**4** "Developing resilience" Help our communities prepare for and adapt to the impacts of climate change

"We have a mandate from central government to look after the wellbeing of the people of the Far North"
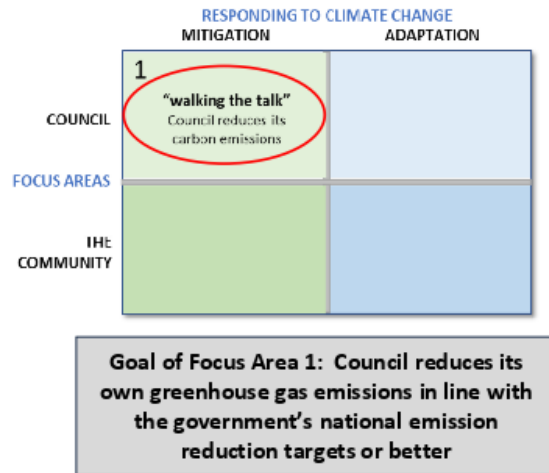
Quote from survey of managers at FNDC

"Council can be the heroes in the climate change area"

Mary-Jane Ardley – Coastal Restoration Trust

FOCUS AREA 1 (MITIGATION) – 'WALKING THE TALK' COUNCIL REDUCES ITS CARBON EMISSIONS

Far North District Council
Te Kaunihera o Tai Tokerau ki te Raki

RESPONDING TO CLIMATE CHANGE

	MITIGATION	ADAPTATION
COUNCIL	1 "walking the talk" Council reduces its carbon emissions	
FOCUS AREAS		
THE COMMUNITY		

Goal of Focus Area 1: Council reduces its own greenhouse gas emissions in line with the government's national emission reduction targets or better

"We've moved and renovated offices, so they are all now of 5-star standard, we're electrifying our vehicle fleet, and we've invested in quality video conferencing and calling, which cuts down how much we fly between our offices. Measuring our carbon has highlighted all sorts of opportunities to reduce our emissions, and to influence our suppliers to do the same"

Alison Howard, Head of Sustainability, Meridian Energy

WHY MEASURE AND REDUCE OUR EMISSIONS

- To contribute to New Zealand's collective effort to reduce its emissions. New Zealand is the fourth highest per capita producer of greenhouse gas in the world, beaten only by the United States, Canada and Australia
- To identify operating efficiencies and cost savings
- To enable progress reporting as required by ZCA
- The Emissions Trading Scheme (ETS) will be tightened and the price of carbon credits will increase so we will need to pay more for our carbon emissions
- To demonstrate social and environmental responsibility
- To play our part in the Far North and "walk the talk"
- To identify business opportunities

BEING TRANSPARENT

- We will openly communicate the results of our emissions inventory and our improvement targets
- We will recognise where trade-offs have been made e.g. while reducing air travel will reduce our carbon emissions reductions, this would have an impact on our ability to do business and engage nationally where face to face meetings are required. In these cases, we will look to offset these emissions.

"Get started – you can always build on that foundation and increase sophistication of measurement over time. The key is to have some information to start working with. Reporting and communication is really important, making data visible and relatable to managers, staff and stakeholders"

Grant Heather — Senior Strategy Manager, NZ Rail

IMPROVEMENT PROCESS

Measure/ re-measure → Plan → Implement → (cycle)
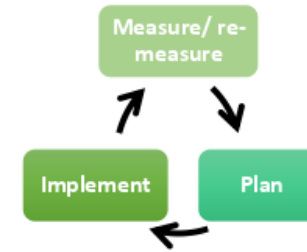
STEPS IN THE PROCESS

1. MEASURE OUR EMISSIONS
- An emissions inventory is underway focusing on FY 2018/19
- Conducted by WSP

2. PLANNING
- We will identify and prioritise opportunities to improve, setting targets for greenhouse gas reduction

3. IMPLEMENTATION
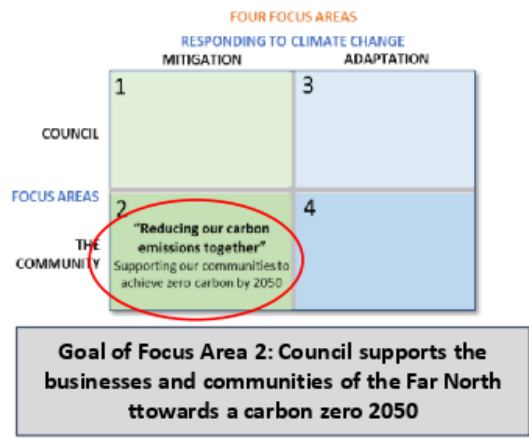- We will put in place plans to reduce our emissions

4. RE-MEASURE EVERY TWO YEARS
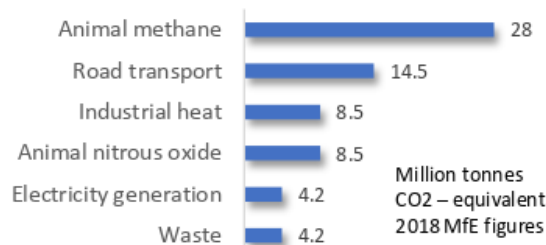- With the goal to reach zero carbon by 2050 or earlier

"Do an audit of the current state, set goals, then another audit in 12-24 months to compare improvements. Be open and accountable about our targets and progress towards them. Report to the public how we're tracking"

Internal survey of managers at FNDC

FOCUS AREA 2 (MITIGATION) – 'EDUCATION & GUIDANCE' SUPPORTING OUR COMMUNITIES TO ACHIEVE ZERO CARBON BY 2050

Far North District Council
Te Kaunihera o Tai Tokerau ki te Raki

FOUR FOCUS AREAS
RESPONDING TO CLIMATE CHANGE

	MITIGATION	ADAPTATION
COUNCIL FOCUS AREAS	1	3
THE COMMUNITY	2 "Reducing our carbon emissions together" Supporting our communities to achieve zero carbon by 2050	4

Goal of Focus Area 2: Council supports the businesses and communities of the Far North ttowards a carbon zero 2050

SIX MAIN SOURCES OF GHG EMISSIONS IN NZ

Source	Value
Animal methane	28
Road transport	14.5
Industrial heat	8.5
Animal nitrous oxide	8.5
Electricity generation	4.2
Waste	4.2

Million tonnes CO2 – equivalent. 2018 MfE figures

MITIGATION ACTIVITIES THAT WILL HAVE THE GREATEST EFFECT NATIONALLY

- Plant trees to sequester carbon
- Convert the national vehicle fleet to electric
- Eliminate fossil fuels from industrial processes up to 300°C
- Develop new solutions to reduce emissions from agriculture
- Better management of landfill sites including capture of methane
- Move to 100% renewable electricity generation

WHY SUPPORT THE COMMUNITY?

- To contribute to New Zealand's collective effort to reduce its emissions
- To demonstrate social and environmental responsibility
- To play our part in the Far North
- To become a leader in this area

HOW WE WILL SUPPORT OUR COMMUNITIES

- We will provide information on the ways that people can reduce their carbon footprint e.g. via links on the website
- Our plans will incorporate carbon emission reduction policies, in line with the government's GHG reduction plan
- We will support community projects that have carbon emission reduction objectives, as in the case study below .

CASE STUDY:
CRIMSON COAST ELECTRIC VEHICLE HIGHWAY

Since 2017 Council helped expand the EV charging station network in the Far North from one to eight stations. This was done by;
- Facilitating funding through ChargeNet NZ and the Energy Efficiency & Conservation Authority
- Making available Council land for the charging sites
- Collaborating with Top Energy, Northland Regional Council and local EV user group RevUp to install these stations.

"Clean air and water, and a liveable climate are inalienable human rights. And solving this crisis is not a question of politics. It is our moral obligation"

Leonardo DiCaprio

WORKING WITH THE BUSINESS SECTOR

Where possible we will work with the business sector to reduce GHG emissions. Areas we can help address include:
- Infrastructure plans that, for example, extend the electric vehicle charging station network, foster multi-modal transport networks across the District and result in zero emission water and wastewater services.
- Development rules, local policies and regulation that, for example, might encourage commercial planting of trees to sequester carbon or support renewable energy use and production.

ACKNOWLEDGING GOVERNMENT'S KEY ROLE IN SETTING NATIONAL POLICIES

Many of the broader 'levers' to reduce carbon emissions relate to government planning and policies that will be implemented in the future. For example
- Government Investment in renewable energy projects
- Managing the Emissions Trading Scheme
- National policy to meet the emissions targets.

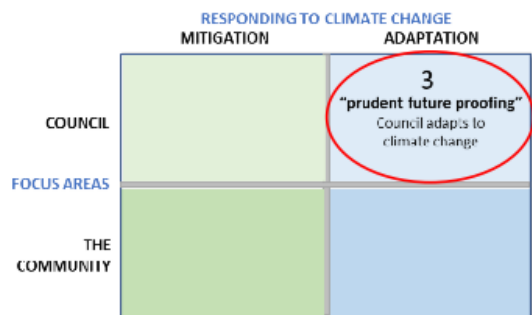## COMMUNICATION & ADVOCACY

We will regularly communicate with the community on climate change topics, encouraging two-way dialogue. We will also advocate on behalf of our communities to central government

"This is not centuries away, it's happening now ... it is an urgent problem"

Professor James Renwick – Professor of Physical Geography at Victoria University, member of the Climate Commission

FOCUS AREA 3 (ADAPTATION) – MANAGING COUNCIL'S SERVICES, RESOURCES AND ASSETS TO FUTURE-PROOF THEM FROM THE RISKS OF CLIMATE CHANGE

RESPONDING TO CLIMATE CHANGE

MITIGATION — ADAPTATION

COUNCIL

3
"prudent future proofing"
Council adapts to climate change

FOCUS AREAS

THE COMMUNITY

Goal of Focus Area 3: Council future-proofs it's services, resources and assets from the risks of climate change

KERIKERI MEAN ANNUAL RAINFALL TREND – REDUCED RAINFALL

NIWA data over 40 years

1980's	1990's	2000's	2010's
1,687 mm	1,750	1,819	1,367

Average annual rainfall by decade

While the mean annual rainfall in Kerikeri varies from year to year, it has decreased in the last decade compared with previous decades

Only one year in the last decade has annual rainfall been above the average over the last 40 years.

ADAPTATION ANTICIPATES CHANGE AND FOCUSES ON BEING PROACTIVE RATHER THAN REACTIVE

Identifying the risks of climate change and taking timely mitigating actions to reduce and prevent future damage is fundamental to effective adaptation.
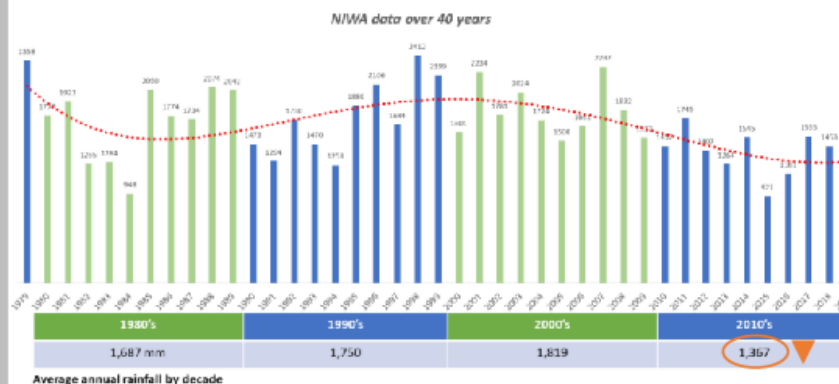
This can be achieved using:
* predictive methods (where uncertainty is low)
* scenarios (where uncertainties are high)
* adaptive planning (where a trend exists such as rising sea level but the rate of change in the future is uncertain. Points on the trend-line will trigger particular responses)

Shifting from a reactive approach where we respond to climate events after they occur to a more proactive approach will enhance resilience and reduce our financial and social exposure to climate change impacts across the Far North District.

"Active and adaptive management is required in response to climate change"

Sir Peter Gluckman

CASE STUDY – NORTH SHORE CITY WASTEWATER MANAGEMENT

In 1997 North Shore City experienced a significant number of beach pollution events linked to overflows from its wastewater system.

Community concern led to analysis of what would be needed to rectify the problem. Two scenarios were developed – the first costing $260 million did not account for climate change effects while in the second scenario, an extra $150 million was required to respond to climate change.

The community chose the lower cost option with reduced levels of protection compared with the higher cost option which factored in climate change. However, reviews of the system were required every three to five years to assess if further spending was necessary, thus putting in place an adaptive response.

Example included in the MfE document *Preparing for climate change – a guide for local government in New Zealand.* See Link in the Appendix

PROPOSED ADAPTATION PROCESS

We recognise that while adaptation may involve extra costs, carrying on 'as normal' may be more costly in the long-run.

RECOMMENDED APPROACH

1. Conduct evidence-based and location-specific planning

2. Evaluate the long-term costs and benefits of different adaptive solutions

2. Use the Dynamic Adaptive Planning Protocol (DAPP) process recommended by MfE where climate change risks are uncertain

4. For significant projects, seek guidance from the community and elected members regarding preferred options before proceeding (see the North Shore City case study).

REGIONAL INTEGRATION

We will align our adaption approach with the Regional Adaptation Strategy being developed by the Northland local authorities regional group (CATT).

FOCUS AREA 4 (ADAPTATION) – 'DEVELOPING RESILIENCE'
HELPING OUR COMMUNITIES PREPARE FOR AND ADAPT TO THE IMPACTS OF CLIMATE CHANGE

RESPONDING TO CLIMATE CHANGE
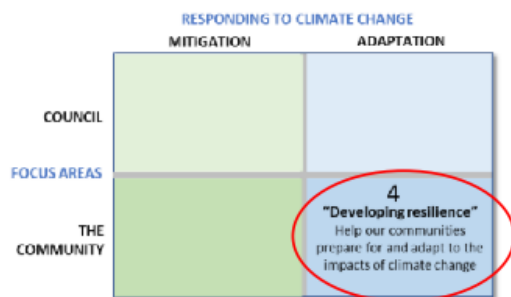
Goal of Focus Area 4: Council works with the communities of the Far North to prepare for and adapt to the impacts of climate change

HAZARD MAPPING

Mapping of coastal and flood hazards by NRC will help us identify vulnerable communities

The Kaitāia flood plain stands out as the largest geographical area at risk in the Far North.
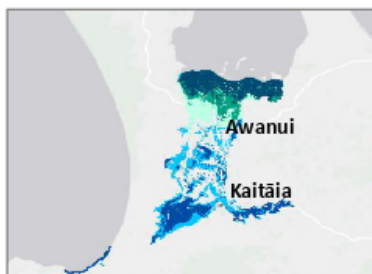

NRC Hazard mapping

DEVELOPMENT IN HAZARD ZONES

Under the NRC Regional Policy Statement future development of land will need to be located away from coastal and low-lying areas vulnerable to sea-level rise, coastal erosion and flooding. This will be incorporated in the District Plan as risk area overlays showing potential hazard risk areas with associated policies and rules for land use and subdivision.

> "If everyone focused their love, care, and commitment to protecting and regenerating their local places, … then a side effect would be the resolution of the climate crisis"
>
> Charles Eisenstein, Climate: A New Story

ENGAGING WITH THE COMMUNITY

We will take part in conversations with communities to identify how vulnerable areas are best addressed.

FACING TOUGH DECISIONS

Those in vulnerable areas e.g. where sea level rise is likely to cause coastal inundation, will face tough decisions regarding the viability of where they live. They are likely to feel pressure from increasing insurance premiums as well as rising sea levels. If private insurers retreat from a coastal area because of increased risk from rising seas, cover from EQC will also disappear, because the two insurances are bundled.

COUNCIL'S POWERS RE EXISTING HOMES

The Resource Management Act gives Council the power to zone land for varying levels of development. But there is no clear power for councils to require people in existing homes, that were lawfully built, to move somewhere less dangerous.

NEED FOR GOVERNMENT SUPPORT/GUIDANCE

Currently the legal situation is unclear regarding how Council should respond to potential loss and damage to existing homes from climate change effects such as sea level rise. Council needs to request guidance from central government in this area.

> "You cannot get through a single day without having an impact on the world around you. What you do makes a difference and you have to decide what kind of difference you want to make"
>
> Jane Goodall

HELPING BUILD RESILIENCE

Adopting a precautionary approach, Council will engage with at-risk communities early, before they begin to experience severe impacts of climate change. We will:

- help communities understand the upcoming challenges
- give them the ability to 'have a voice' in decisions that will affect them including lobbying government
- work to ensure the community has sufficient trust and confidence in Council to allow frank discussion.

A COMMUNITY DEVELOPMENT APPROACH TO ENGAGEMENT

Our engagement with the community will be:

- **Responsive to the needs of our Māori treaty partners**
- **Long-term** – i.e. committing to ongoing engagement on a regular basis over many years
- **Supportive** – i.e. supporting community members to come together to share their concerns and aspirations, to provide information about climate impacts and options and to help build collective understanding
- **Inclusive** – i.e. engaging with as wide a range of affected people as possible
- **Delivery-focused** – i.e. involving community members in identifying possible options for the future including the funding of the response to climate change, keeping the community regularly updated and delivering on agreed solutions

> "…the effects of climate change will not be felt equally. It will affect the poor, the marginalised, those on coastal lands the most"
>
> Rev. Mathew Newton, St Paul's Church, Auckland

ALIGNMENT TO THE DISTRICT'S VISION AND EXPECTATIONS

OUR VISION

He Whenua Rangatira - A District of Sustainable Prosperity and Well-Being

CLIMATE CHANGE GOALS

OUR EXPECTATIONS	Reduce council's greenhouse gas emissions to net zero	Support our communities towards carbon zero by 2050	Manage our resources and assets to best future-proof them from the risks of climate change	Help our communities prepare for and adapt to the impacts of climate change
He wāhi ātaahua: Valuing the outstanding beauty of our District	✓			
He waka hourua: Fit-for-purpose infrastructure underpinning success			✓	
Kōkiri tahi: Empowered communities working collaboratively		✓		✓
Oranga taiao, oranga tangata: Nurturing the environment so it nourishes us	✓	✓	✓	✓
Oranga kāinga: A thriving, sustainable local economy		✓		✓
Mana i te whenua: The role of tangata whenua is valued and respected		✓		✓
Te ira tangata: Rich heritage and diversity respected and celebrated		✓		✓
Tangata whai ora: Happy, healthy, safe and purposeful people		✓		✓
Whānau: A great place for our families to flourish		✓		✓

WE MUST ACT FOR LEGAL REASONS!

LENDERS & INSURERS ARE MAKING FINANCIAL DECISONS BASED ON CLIMATE-RELATED FINANCIAL DISCLOSURE

- Climate-related financial disclosure rules recommended by the international Task Force on Climate-Related Financial Disclosures (TCFD) in 2017 are being adopted globally

- In New Zealand the government will make climate-related financial disclosure mandatory (see Reference # 14 at the end of this document which contains the consultation paper circulated by MfE and MBIE in late 2019). Consultation closed December 2019 and new regulations are expected in 2020

- This information is being used by financial institutions such as banks and insurance companies to inform their decisions. For instance, the Queensland government has struggled to borrow money as it has large climate-related risks to its economy and a poor documented response to these risks to date

- These requirements will affect local authorities as well as the Local Government Funding Agency (LGFA)

- Our ability to borrow funds and the interest rates we pay will depend on us disclosing detailed information in our financial reporting about the impact that climate change is having and will have on our business and what we are doing about this

- **We must treat our response to climate change as a major programme of work with solid financial disclosure around our governance, the risks we identify, our related processes and our performance against targets.**

OUR REPORTING OBLIGATIONS

In-depth reporting of our actions will be required by the Climate Change Response (Zero Carbon) Amendment Act 2019 (ZCA) in line with TCFD guidelines:

1) Our **governance** in relation to the risks of and opportunities regarding climate change

2) The **actual and potential impacts** of climate-related risks and opportunities on our business, strategy, and financial planning:

3) Our **processes** to identify, assess, and manage the risks

4) Our **metrics and targets** used to assess and manage the risks and opportunities, including timeframes and progress.

"Disclosures should be defined, collected, recorded, and analysed in such a way that the information reported is verifiable to ensure it is high quality. For future-oriented information, this means assumptions used can be traced back to their sources"

TCFD Recommendations 2017

WHAT WE DO MUST STAND UP IN COURT

- Potentially we will face legal challenges through our response to climate change – for example, challenges relating to the zoning of land, existing private assets, or the management of public assets.

- Informal advice from Simpson Grierson at a local government workshop in February 2020 is to thoroughly research and document the reasons for our climate-related policies and decisions.

- We must be rigorous in identifying and documenting the climate change assumptions that we adopt as well as the actual and potential impacts we identify as this may need to stand up in court.

"The NZ Coastal Policy Statement directive is that councils must identify coastal hazards. In response, local authorities have commissioned research, created hazard maps and noted hazard areas within LIMs. This has often been undertaken without consultation with affected communities, resulting in significant friction between councils and landowners and multiple court cases"

NZ Planning Institute, *Planning Quarterly Dec 2019*

ALIGNING OUR TIMING WITH OTHER KEY PROGRAMMES OF WORK

"When it comes to climate change we are in the beautiful position of knowing what our choices are. We can feel a real sense of opportunity about the future - what role our science can play, and how people can contribute"

Dr Sam Dean, Principal Scientist, NIWA

"Sometimes the riskiest decision you can make is to do nothing"

Richard Branson

The Zero Carbon Act

Government delivers first national climate change risk assessment
2020

Government sets first budgets and reduction plan
End 2021

Government presents first national adaptation plan
2022

Feb 2021
Commission delivers advice on first three emissions budgets and first emissions reduction plan

2024
Commission reports on progress and Government must respond. Commission delivers advice on next emissions budget and reduction plan

2026
Commission delivers second national climate change risk assessment

Climate Adaptation Te Taitokerau (CATT)

Regional Risk Assessment Completed
July 2020

Pilot Community Adaptation Programme
Aug 2020 – May 2021

Oct 2020
Regional Adaptation Strategy Finalised

June 2021

Regional Community Adaptation Programme

FNDC

Roadmap presented to Council
May 2020

Adoption of District Plan & FN2100 Spatial Plan
Dec 2020

June – Aug 2020

June 2021
Adoption of 21-31 LTP

Engagement with Far North Communities – preparing for climate change

Adoption of 24-34 LTP

June 2024 Implementation of community adaptation plans

Proposed objectives, initiatives and actions aimed at achieving Council's Climate Change Goals

The following proposed actions and initiatives have been identified by Administration as producing deliverables aimed at achieving Council's climate change objectives contained in this Roadmap document. Each action and initiative will need to be further justified by a business case and approved by Council as programmes and projects of work via the Long Term Plan processes over the coming years starting with the 2021-31 Long Term Plan.

1. COUNCIL TO REDUCE ITS CARBON EMISSIONS

Far North
District Council
Te Kaunihera o Tai Tokerau Ki te Raki

Goal	Objectives	Initiative	Actions - Outputs	Account-ability	Indicative cost	Now 20-21	Short term 21-24 LTP	Medium term 2024 to 2050	Long term After 2050
Council reduces its own greenhouse gas emissions in line with the government's national emission reduction targets or better	Council's emissions of methane reduced by 10% below 2017 levels by 2030 and 47% by 2050 or earlier. Council's net emissions of all other greenhouse gases reduce to zero by 2050.	Initial Carbon footprint reduction programme *(must do in preparation for the implementation of the Climate Change Response (Zero Carbon) Amendment Act)*	Baseline carbon footprint produced	Strategic Planning and Policy	$40,000	✓			
			Develop initial carbon footprint reduction programme for 21-31 LTP developed from baseline carbon footprint	Strategic Planning and Policy	$25,000	✓			
			Implementation of initial carbon footprint reduction programme for 21-24 LTP: Possible projects aimed at reducing carbon footprint (LTP 21-24): 1. Appoint sustainability programme manager - responsible for implementing the carbon footprint reduction programme 2. Investigation into carbon credits as long term sustainable source of income for Council with the aim of becoming cost neutral as well as carbon neutral realised through the Council land and reserves estate. 3. Implement triple bottom line reporting 4. Implement a carbon footprint monitoring system with carbon footprint dashboard. 5. Reduction of electricity usage from fossil fuels 6. Minimise waste, maximise recycling 7. Transition vehicle fleet to low and zero emission vehicles 8. Incentivise employees who take action to reduce their individual carbon footprints (i.e. reward and recognition for not flying, using technology, using low emission forms of transport etc.)	Strategic Planning and Policy	$750,000 spread across the following LTP years 2021-22 2022-23 2023-24 Future LTPs TBD		✓	✓	

1. COUNCIL TO REDUCE ITS CARBON EMISSIONS CONT'D

Goal	Objectives	initiatives	Actions - Outputs	Account ability	Indicative Cost	Now 20-21	Short term 21-24 LTP	Medium term 2024 to 2050	Long term After 2050
Council reduces its own greenhouse gas emissions in line with the government's national emission reduction targets or better	Council's emissions of methane reduce by 10% below 2017 levels by 2030 and 47% by 2050 or earlier. Council's net emissions of all other greenhouse gases reduce to zero by 2050.	Further Carbon Footprint reduction programmes – planned into each LTP *(must do in preparation for the implementation of the Climate Change Response (Zero Carbon) Amendment Act)*	Complete Carbon Footprint – preparation for 2024-34 LTP	Strategic Planning and Policy	$50,000		✓		
			Implement carbon footprint reduction programme for 24-27 LTP: Possible projects aimed at reducing carbon footprint (LTP 21-24): 1. Realisation of financial benefits from carbon credits from Council land and reserves estate 2. Investment in the purchase and development of further land as carbon credits 3. Green Council building initiatives initiated 4. Continue to incentivise employees who take action to reduce their individual carbon footprints (i.e. – reward and recognition for not flying, using technology, using low emission or no emission forms of transport etc.)	Strategic Planning and Policy	Cost neutral – cost of projects offset by carbon credits vested in the Emissions Trading Scheme.			✓	✓
		Further Carbon Footprint reduction programmes in LTPs out to 2050	Council continues to measure, plan and implement Carbon Footprint minimisation programmes out to 2050 – achieving carbon zero carbon and realising the benefits from its investment in carbon credits	Strategic Planning and Policy	Cost neutral			✓	✓

2. SUPPORTING OUR COMMUNITIES TOWARDS A CARBON ZERO 2050

Goal	Objectives	Initiatives	Actions - Outputs	Account-ability	Indicative Cost	Now 20-21	Short term 21-24 LTP	Medium Term 2024-2050	Long Term After 2050
Council supports the businesses and communities of the Far North towards a carbon zero 2050	The community's emissions of methane reduce by 10% below 2017 levels by 2030 and 47% by 2050 or earlier. The net emissions of all other greenhouse gases reduce to zero by 2050.	Community Zero Carbon initiatives *(Should do based on supporting the businesses and communities of the Far North District in achieving their own emission targets under the the Climate Change Response (Zero Carbon) Amendment Act)*	Review of all current strategies and plans to determine what initiatives that are being put forward will result in a reduction of the District's Carbon Footprint via changing investments and behaviours on the part of households and businesses. This will include: 1. District Plan – land use changes 2. Transport Strategy and Plans – NZTA is favourable towards more low emission forms of transportation (multi-modal forms of transportation) 3. Infrastructure strategies including reserves and open spaces 4. Waste minimisation plans	Strategic Planning and Policy	$25,000	✓			
			Develop and Implement an online District Environmental Dashboard that is publicly available in service centres, online, can be taken on tablets to community meetings and to schools. This will contain 1. Carbon output and sinks. The District Carbon Footprint 2. Water usage, Waste produced etc.	Strategic Planning and Policy	$150,000		✓		
			Collaborate with project managers of each project coming out of the above strategies to develop: 1. Communications and community engagement plans that inform how the outcome of the project will reduce the District's carbon footprint 2. Update District Carbon Footprint with each successfully implemented project via the District Environmental Dashboard 3. Update and inform the community regarding the future initiatives of Council that will reduce the District's Carbon Footprint (ongoing) Success measured via successful projects resulting in positive measures on the District Environmental Dashboard	Strategic Planning and Policy	$150,000 for 2021-24 LTP years Future LTPs TBD		✓	✓	✓

3. MANAGING COUNCIL'S SERVICES, RESOURCES AND ASSETS TO FUTURE-PROOF THEM FROM THE RISKS OF CLIMATE CHANGE

Goal	Objectives	Initiatives	Actions - Outputs	Account-ability	Indicative cost	Now 20-21	Short term 21-24 LTP	Medium Term 2024-2050	Long Term After 2050
Council future proofs its services, resources and assets from the risks of climate change	Council develops it's climate change toolkit in preparation for Community Engagement and Infrastructure Planning for the three year period starting July 2021.	Climate Change Policies and Strategies adopted by Council. *(must do in preparation for the implementation of the Climate Change Response (Zero Carbon) Amendment Act)*	1. Policy on the source of truth for the Science behind climate change (sea level rise, temperature increase, weather 2. Policy on Dynamic Adaptive Planning Pathway (DAPP) as the tool that will inform Infrastructure Planning and community engagement on climate change. This will include cost benefit analysis and scenario requirements 3. Legal liability and financial risk assessment completed on the impacts of climate change policy on Council 4. Te Taitokerau Climate Change Adaptation Strategy (combined with NRC, WDC, KDC) 5. Climate change policies and strategies embedded and referenced in the District Plan review, the 2021-31 Long Term Plan including the Infrastructure Strategy and Financial Strategy.	Strategic Planning and Policy	$50,000	✓			
		Climate Change Policies and Strategies implemented into Council decision making processes (Governance and Management). *(must do in – as above)*	1. Education and training (change management) of Council Staff on Climate Change Policies (DAPP) and what it means for each group, department and team (change management support) 2. Stocktake of Council Assets (Waters, Transport Networks, Social Infrastructure – including open spaces, parks and reserves) that will be impacted by Climate Change. Details captured on Asset Management System (spatial data and non-spatial data) - co-requisite project – Project Darwin 3. Financial models developed to inform scenarios and cost benefit analysis – aligned with revenue review and risk assessment. 4. Implementation of Climate Change Policies into Council reporting and decision making (compliance schedule, education of elected members, financial disclosure and risk reporting) 5. Specific metrics and KPIs developed for climate change.	Lead: Strategic Planning and Policy Infrastructure and Asset Management Corporate Services	$150,000 for following years 2021-22		✓		
	4. Helping our communities prepare for and adapt to the impacts of climate change (detail on the next page)		Action and Outputs from working with our communities that will inform how Council, via future LTPs, will future proof its services, resources and assets from the risks of climate change: 1. Community aspirations for climate change captured by Administration by applying DAPP and Financial Models as part of community engagement 2. Asset management, finance and corporate planning systems updated based on outcome of applying DAPP and Financial Models as part of community engagement and consultation.	Strategic Planning and Policy > Community Engagement Infrastructure and Asset Management	$100,000 spread across the following years 2022-23 2023-24 Future LTPS TBD		✓	✓	✓

4. HELPING OUR COMMUNITIES PREPARE FOR AND ADAPT TO THE IMPACTS OF CLIMATE CHANGE

Goal	Objectives	Initiatives	Actions - Outputs	Account-ability	Indicative cost	Now 20-21	Short term 21-24 LTP	Medium Term 2024-2050	Long Term After 2050
Council works with the communities of the Far North to prepare for and adapt to the impacts of climate change	Council engages and consults with the community using its adopted Climate Change Toolkit over the period of 2021-2024 and then into future years so as to inform future Long Term Plans including future Financial and infrastructure Strategies	Community Engagement Plans adopted *(must do in preparation for the implementation of the Climate Change Response (Zero Carbon) Amendment Act)*	1. Broad communications to the public on policy and intent of Council to consult and engage with communities is delivered 2. Plan for community consultation is adopted by Council. This will outline over the coming years the order in which communities will be consulted on with using DAPP and the financial models adopted by Council This is aligned with NRC's implementation of the Te Taikokerau Climate Change Adaptation Strategy 3. Administration develop Community engagement collateral and individual plans based on local community knowledge 4. Council communicates the adopted plans to the public via website and other communication channels.	Strategic Planning and Policy	$25,000	✓			
		Community Engagement Plans executed *(must do in preparation for the implementation of the Climate Change Response (Zero Carbon) Amendment Act)*	1. Each individual communities engagement and consultation plan on climate change is executed.	Strategic Planning and Policy with support from Northland Regional Council	$210,000 for each of: 2021-22 2022-23 2023-24 Future LTPs TDB		✓	✓	
	The 2024-34 Long Term Plan includes specific projects resulting from community engagement	The 2024-24 Infrastructure Strategy and resulting projects have specific climate change adaptation outcomes for Far North Communities	1. Infrastructure projects for transport, waters, parks, playgrounds will have clearly defined, community informed Climate Climate change adaptation outcomes.	Infrastructure and Asset Management	$250,000			✓	

6.INDICATIVE COST BREAKDOWN – THREE YEARS OF THE 2021-31 LONG TERM PLAN

	Focus Area	Initiative	Indicative Cost 2021-22	Indicative Cost 2022-23	Indicative Cost 2023-24	Total Indicative Cost
Cost Breakdown for each initiative – Long Term Plan 2021-31	Council to reduce its carbon emissions	Carbon Footprint Reduction Programme (including the employment of a Sustainability Programme Manager)	$250,000	$250,000	$250,000	$750,000
		Carbon footprint for 2024-34 LTP			$50,000	$50,000
	Supporting our communities towards a carbon zero 2050	Community zero carbon initiatives –implementation of environmental dashboard	$50,000	$100,000		$150,000
		Updating of community environmental dashboard	$30,000	$60,000	$60,000	$150,000
	Managing council's, services, resources and assets to future-proof them from the risks of climate change	Council develops it's climate change toolkit in preparation for Community Engagement and Infrastructure Planning for the three year period starting July 2021	$150,000			$150,000
		Asset management, finance and corporate planning systems updated based on the outcome of applying the Dynamic Adaptive Planning Pathway (DAPP) and Financial Models as part of community engagement and consultation		$50,000	$50,000	$100,000
	Helping our communities prepare for and adapt to the impacts of climate change	Community Engagement Plans executed in alignment with Northland Regional Council	$210,000	$210,000	$210,000	$630,000
		Totals	$690,000	$670,000	$620,000	$1,980,000

References

References

1. FNDC *Staff Climate Change Survey Report* (Nov 2019)

2. FNDC Climate Change Working Group, *SWOT Analysis* (Nov 2019)

3. Long-Term Climate Statistics sourced from NIWA – Temperature and Rainfall charts for Kerikeri and Kaitāia

4. NIWA Northland climate change projections and impacts **LINK**

5. Northland Regional Council, flood and coastal hazard maps **LINK**

6. LGNZ, *Local Government Leaders' Climate Change Declaration* (2017) **LINK**

7. MfE, *Preparing for climate change – A guide for local government in New Zealand* (2008) **LINK**

8. Joel MacManus, *Climate Change: Everything New Zealand needs to do to get to zero carbon* (Nov, 2019) **LINK**

9. TTCCAWG, *Northland adaptation update report – CE Forum* (Feb 2020)

10. Whakatāne District Council, *Draft Climate Change Principles* (2019) **LINK**

11. Bay of Plenty Regional Council, *Climate Change Action Plan* (July 2019) **LINK**

12. Tasman District Council, *Tasman Climate Action Plan* (2019) **LINK**

13. The Deep South National Science Challenge – Catherine Iorns and Jesse Watts, *Adaptation to Sea-Level Rise: Local Government Liability Issues* (2019) **LINK**

14. MfE and MBIE, *Climate-related financial disclosures – Understanding your business risks and opportunities related to climate change: Discussion Paper* (2019) **LINK**

15. Motu Economic & Public Policy Research, *Climate Change & Stormwater Systems* **LINK**

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6 INFORMATION REPORTS

6.1 DECEMBER 2021 RISK MANAGEMENT REPORT

File Number: A3472394

Author: **Tanya Reid, Business Improvement Specialist**

Authoriser: **William J Taylor MBE, General Manager - Corporate Services**

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide an information report on organisational risk management, emergent risk, scheduled risk progress reports for the organisation's top risks and business continuity planning.

No decision is required.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

The Controller and Auditor General has released their report "Observations on local government risk management practices."

Risk progress updates are provided for six of the top organisational risks. This includes the first risk progress report for ARF014 Programme Darwin.

The risk rating trend for one of these risks has been assessed as declining, one as stable and increasing for four risks.

As Climate Change is subject of a separate decision report, with a proposal to separate ARF001 into four distinct risks/opportunities, we have not presented the scheduled ARF001 Climate Change risk progress report.

Council risk management at a group and departmental level continues as does identifying essential services to be supported by business continuity plans.

No new emergent risks have been identified for inclusion in this report.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report December 2021 Risk Management Report.


TĀHUHU KŌRERO / BACKGROUND

The top organisational risks are risks that may impact on Council achieving its vision, mission and community outcomes and are regularly reported to the Assurance, Risk and Finance Committee to ensure they are being appropriately managed. A number of these risks are subject to external influences which may affect effective council operations.

Table 1 provides a risk snapshot of the Assurance, Risk and Finance Committee Organisational Risk Dashboard with inherent and residual risk scores as accepted by this Committee and the risk trend as assessed by the risk subject matter experts.

Table 2 details the 2021 risk work programme.

Table 1: Top organisational risk dashboard

Key to trend of risk rating:

🟩	Decline
🟧	No change/stable
🟥	Increase
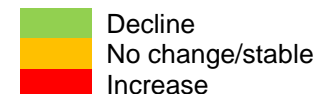
Risk ID:	Risk title	Inherent risk score	Trend of risk rating	Residual risk score	Accountable Risk Governance	Responsible Risk Governance	Risk Progress Report schedule	Risk Progress Report ARF agenda:
ARF001	Climate Change	63	🟥	30	CEO	GMSPP	3 Monthly	Sep 21
ARF003	Health & Safety Vulnerabilities	46	🟥	34	CEO	Chief People Officer	3 Monthly	Oct 21
ARF004	Asset Management Risks	45	🟧	18	CEO	GMIAM	6 Monthly	Sep 21
ARF005	Affordability Risk	45	🟥	26	CEO	GMSPP	6 Monthly	Dec 21
ARF006	Project Priorities Deliveries Delays	45	🟧	14	CEO	GMIAM	3 Monthly	Oct 21
ARF007	Compliance NRC Abatements	45	🟥	18	CEO	GMIAM	6 Monthly	Dec 21
ARF009	Customer Service Delivery	39	🟩	22	CEO	Chief People Officer	3 Monthly	Dec 21
ARF010	Data Governance Risks	39	🟥	14	CEO	CEO	6 Monthly	Dec 21
ARF012	Contract Management Risks	39	🟧	14	CEO	GMIAM	3 Monthly	Oct 21
ARF013	Drinking Water Resilience	35	🟧	ARF to agree level residual risk	CEO	GMIAM	3 Monthly	Dec 21
ARF014	Programme Darwin	35	🟥	13	CEO	GMIAM	3 Monthly	Dec 21

Table 2: 2021 risk programme

2021 ARF meeting date:	10/02	24/03	05/05	16/06	21/07	08/09	20/10	01/12
Risk deep dives		ARF001	ARF003	ARF013	ARF003	ARF004	ARF006	ARF005
ARF001 Climate Change		✓				✓		✓
ARF003 Health & Safety Vulnerabilities	✓		✓		✓		✓	
ARF004 Asset Management Risks		✓				✓		
ARF005 Affordability				✓				✓
ARF006 Project - Priorities Deliveries Delays	✓		✓		✓		✓	
ARF007 Compliance NRC Abatements				✓				✓
ARF009 Customer Service Delivery		✓		✓		✓		✓
ARF010 Data Governance Risks				✓				✓
ARF012 Contract Management Risks	✓		✓		✓		✓	
ARF013 Drinking Water Resilience		✓		✓		✓		✓
ARF014 Programme Darwin								✓

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

In October 2021 the Controller and Auditor General released their report "Observations on local government risk management practices." This report (Attachment 7) was commissioned to provide the Auditor General an overview of New Zealand councils current risk management practices.

The report recommends that councils:

1. prioritise putting in place a formal risk management framework if they do not have one;

2. ensure that elected members get the training and support that they need to carry out their risk management roles and responsibilities;

3. consider using more sophisticated techniques for identifying and managing risks on key programmes of work, such as quantitative risk assessments, given that the assessments that many councils make, particularly on the delivery of their capital expenditure programmes, need a high level of judgement; and

4. assess their desired level of risk management maturity and prepare a clear plan to achieve this. Regular formal reviews of their risk management practices should be carried out to inform progress and identify areas for improvement.

Organisational risk management

Emergent risk:

No additional emergent risks have been identified.

Table 3: Table of identified emergent risk

Emergent risks	Presented to ARF:	Progress
1. The risk of externally funded shovel ready, economic stimulus employment opportunity projects due to the impact of the COVID-19 pandemic.	October 2020	The Assurance, Risk and Finance Committee received a report at September 2021 meeting. Next report is scheduled in six months, March 2022 dependent on the, yet to be released, Assurance, Risk and Finance Committee 2022 schedule.
2. The financial and legal risks due to the effects of climate change. Timing of a report on this risk, to the Assurance, Risk and Finance Committee meeting, is to be determined.	October 2020	March 2021 Climate Change deep dive was held. Proposed to break the climate change into two risks to enable focus on transition risks such as financial and legal. Frequency of reporting is to be increased from six monthly to three monthly. This risk is subject to a risk decision report recommending the addition of four risks to the organisational risk dashboard replacing ARF001 Climate Change.
3. District Services have proposed to escalate one of their top group risks for consideration of inclusion on the top organisational dashboard.	October 2020	It is proposed that this be included in the Assurance, Risk and Finance Committee risk workshop agenda.
4. The risk of not fit for purpose business continuity arrangements.	October 2020	This was subject to a report at the December 20 Assurance, Risk and Finance Committee meeting.

Emergent risks	Presented to ARF:	Progress
		A progress up-date is provided under the group risk section.
5. Government's Three Waters Reform programme.	December 2020	The Government has announced an integrated package of reform proposals (four new, large water service delivery entities) together with a financial support package.
1. Potential impact of the Worksafe decision, in December 2020, to charge 13 parties over the Whakaari/White Island tragedy; and the government review of WorkSafe New Zealand's performance of its regulatory functions in relation to activities on Whakaari White Island.	February 2021	Impact to be considered when further information is to hand. Independent review of WorkSafe in relation to Whakaari/White Island released 22/10/2021. The review found that WorkSafe fell short of good practice in its regulation of activities on Whakaari White Island over the 2014-19 period. The review says that improvements are needed in WorkSafe's management of the adventure activities system.

Organisational risk progress reports:

Of the 11 top organisational risks six identify the risk trend as increasing (56%), four as stable (36%), and one is decreasing (9%). In the main this is due to external influences such as the unquantifiable impact of significant decisions (e.g. three waters reform, local government reform), or changes to our external environment beyond our control such as inflation, increasing debt levels, reliance on international supply chains and the unfolding COVID-19 pandemic, making it more difficult to effectively plan to manage a number of our top organisational risks. These themes can be seen running through three of the top organisational risk progress reports (ARF005, ARF007, ARF010) on this agenda.

Six scheduled risk progress reports, including high level treatment plan progress, are provided with highlights and analysis of risk progress below. More detail is available in the attached risk progress reports.

Risk progress reports – highlights and analysis:

1. ARF005 Delivery of Service Risk (affordability) Progress Report. The inherent risk rating trend has been assessed as **increasing** as the Government's Public Housing Plan, to reduce overcrowded housing and homelessness, will add more pressure to affordability as the scope goes beyond population growth to planning for more dwelling demand (and consequently increased infrastructure capacity) with the most demand in areas that have the greatest affordability challenges; the need to fund maintenance and depreciation of externally funded assets; and inflationary pressures.
2. ARF007 Compliance NRC Abatements Risk Progress Report. The inherent risk rating trend has been assessed as **increasing** due to NRC increasing the use of abatement notices as a key part of their compliance strategy and legislative and regulatory change currently being faced.
3. ARF009 Customer Service Delivery Risk Progress Report. The inherent risk rating trend has been assessed as **declining** as treatments are implemented and effectiveness of these is verified through customer surveys.
4. ARF010 Data Governance Risk Progress Report. The inherent risk rating trend has been assessed as **increasing** due to the increase risk of a cyber-attack.
5. ARF013 Drinking Water Resilience Risk Progress Report. The inherent risk rating trend has been assessed as **stable** due to drought resilience work completed and improvements made to the Water Shortage Management Plan and Water Shortage Management Committee processes.

6. ARF014 Programme Darwin Risk Progress Report. The inherent risk rating trend has been assessed as **increasing** as treatments to reduce either the impact or probability of this risk are yet to be confirmed or implemented.

No additional reporting requirement for the top organisational risks has been identified.

Group Risk Up-date

Group Risk dashboards

The dashboards provide information on:

- the total number of identified risks;
- the percentage of risks assessed categorised as high, medium, or low impact score;
- the level of the risk within Council (Department, Group or Organisation level risk); and
- the risk description by category (see table 4):
  - o Health, Safety & Wellbeing
  - o Legal
  - o Operational / Financial
  - o Optimising efficiency
  - o People and culture
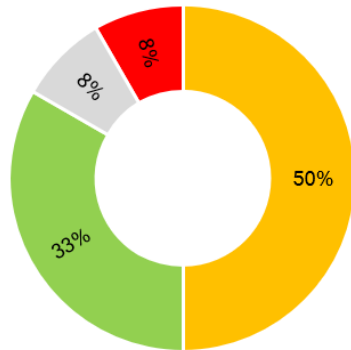 - o Regulatory and Compliance
  - o Reputational / Strategic.

Group Risk Dashboard

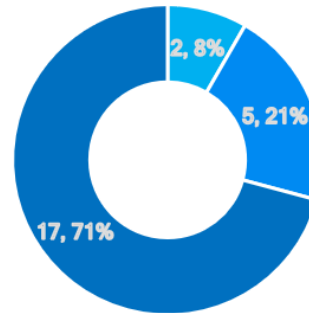District Services Risk Dashboard   Review Date: 28/10/21

24 risks
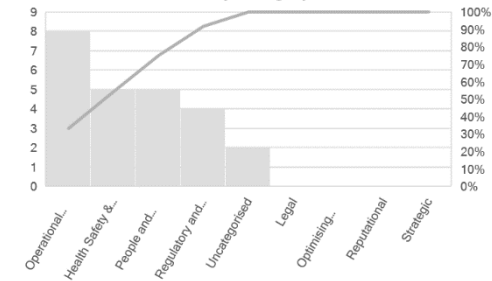
IAM Group Risk Dashboard   Review Date: 05/11/21

25 risks
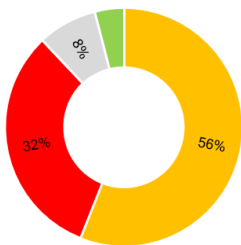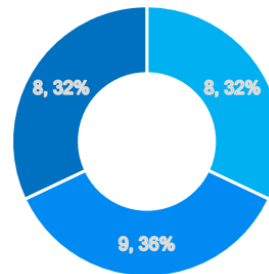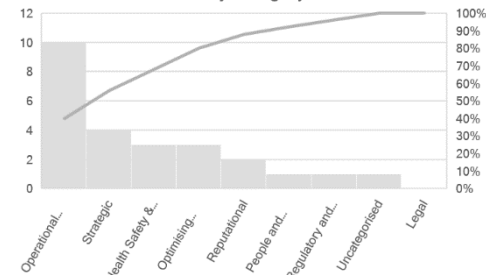
Table 4: Key to risk category

Risk Description	Description of category	Example
Health Safety & Wellbeing	a work environment that is without risk to health and safety, so far as is reasonably practicable	Lone worker vulnerability
Legal	Application of the law (and its consequences) to FNDC actions	Court action
Operational/Financial	Whole of business view of FNDC performance including service/services delivery, risk, finance, environmental,	Affordability
Optimising efficiency	Managing the present, lineal response to what exists today such as system, Continuous Improvement, process	Born digital improvements e.g. BCA application
People and culture	Capability, mindsets, behaviour	Disability awareness workshops
Regulatory and Compliance	Conforming to rules, external = law or regulation; internal = policies	Audits
Reputational	The external estimation in which FNDC and brand is held	Customer service delivery
Strategic	Adapting to change: Innovation / create the future / selectively forget the past	Climate change / Affordability

Progress to refresh Council's business continuity arrangements:

Further business continuity planning has commenced in two areas:

- Corporate Services leaders have met and agreed essential services. Business Continuity Plans are now being drafted for these essential services.
- People & Capability have also identified essential services and have commenced drafting business continuity plans to support these services.

Work on IAM business continuity plans for essential services continues.

The Business Continuity Planning SharePoint site has been heavily used over the last COVID-19 outbreak. It has been further enhanced with the addition of Teams chat to the site. This is new capability is being rolled out through Office 365 and will enable us to share "things" in real time rather than emails.

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

No additional budgetary provision is requested.

ĀPITIHANGA / ATTACHMENTS

1. **2021 12 ARF005 Delivery of Service Risk (affordability) Progress Report - A3474320** ⇩
2. **2021 12 ARF007 Compliance NRC Abatements Risk Progress Report - A3472364** ⇩
3. **2021 12 ARF009 Customer Service Delivery Risk Progress Report - A3472372** ⇩
4. **2021 12 ARF010 Data Governance Risk Progress Report - A3472370** ⇩
5. **2021 12 ARF013 Drinking Water Resilience Risk Progress Report - A3472368** ⇩
6. **2021 12 ARF014 Programme Darwin Risk Progress Report - A3474321** ⇩
7. **2021 Observations on local government risk management practices - A3472366** ⇩

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ARF005 Delivery of Service Risk (affordability)

Risk Status Progress Report December 2021

Prepared: 08/11/21

Description of risk and impact

Affordability is acknowledged as one of Far North's key challenges. With a small rating base, diverse socio-economic factors and large distributed infrastructure base and service requirement, this will get worse over time without intervention. The Government's Public Housing Plan will add more pressure to affordability as we our planning scope goes beyond population growth to planning for more dwelling demand (and consequently increased infrastructure capacity) that will result from reducing overcrowded housing and homelessness. The areas with the most demand are the areas that have the greatest affordability challenges.

Rates and charges provide the majority of FNDC funding, although in the past few years we have had access to substantial Crown funding opportunities. Although we may be fortunate to be able to access this funding to build needed infrastructure, we still must maintain and depreciate it, which puts more and more pressure on the required rates take.

Affordability in the context of rates has two aspects:

- The cost relative to income (and wealth to the extent that wealth can be converted into income)
- The ability of ratepayers to earn greater income in the future from the spending of the rates, e.g. investment in infrastructure that will allow an individual to earn higher incomes in the future.

Existing Treatments

BERL Report

In Feb 2020 Council commissioned Business Economic Research Limited (BERL) to provide an analysis to help us understand and communicate what we mean by 'affordability'. The BERL report examined the affordability of rates (the percentage of household income spent on rates at different rating levels) for eight usual household types within the District.

This report was developed just before the first COVID-19 lockdown. The world has changed dramatically since then, and while some aspects of the report remain relevant, most of the findings may now be obsolete, and a refreshed study should be commissioned. This view is supported by the following economic updates provided by Infometrics at the Council workshop on 20 October 2021:

- Despite signs of a reasonably good bounce back after lockdowns in 2020, the Delta strain has raised a deeper level of national, regional and local uncertainty about the economic outlook.
- In level three 16% (4200) of the Far North's workforce were not operational. In level four that climbed to 37% (9600).
- Northland has the highest percentage of people, of any district in New Zealand, who have received help from a welfare organisation in the last 12 months to March 2021 (see Stats NZ graph below); and
- Infometrics economic monitor report: job seeker recipients, annual average change, increased by 25.1% and unemployment rate is 6.6% versus the national average of 4.7%.

Percentage of people who received help from a welfare organisation in the last 12 months, by regional council area, quarterly
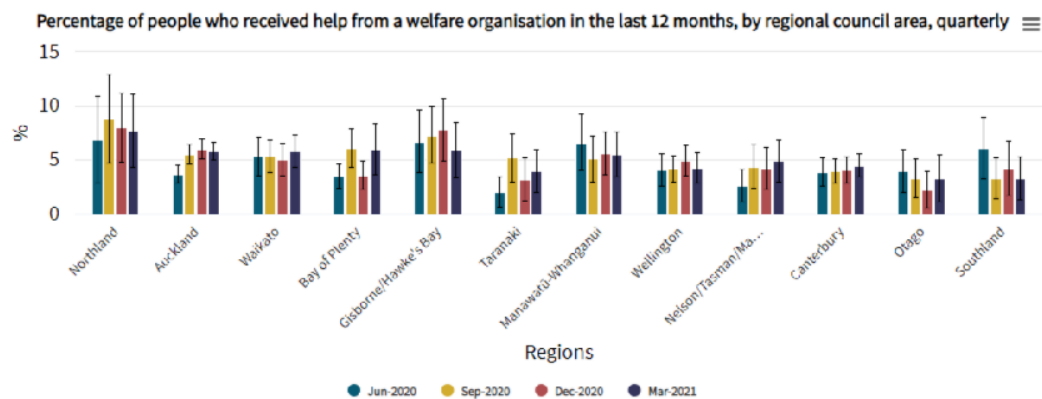
A number of emergent risks are out of our control and may impact affordability, such as:

Inflation

Despite early optimism from economists, 2021 brought with it a resurgence of COVID-19 cases and the Delta variant, re-introducing lockdowns to try to stem infection and disease. Business and Economic Research (BERL) release annual cost adjusters for the local government sector. In 2021, adjustor forecasts for 2022-23 and beyond are assessed against the backdrop of a reality that the global production and movement of goods has been severely hampered by lockdowns for over 18 months - this is particularly obvious in global shipping container prices, as well as global commodity prices. BERL advise that this will not resolve itself in the short-term, and although there will be recovery in output, it will come with price inflation. Local Government has already observed price inflation, particularly in contractor costs. This has been driven by strong domestic demand for construction works, as well as international price changes in raw materials. Both factors will remain for the medium to long-term and will be particularly strongly felt against the backdrop of labour constraints in New Zealand.

BERL's forecast cost adjusters incorporate the reality that the world rebuilding after lockdowns will do so only with significant inflation.

That said, the Local Government Cost Index adjustors have dropped slightly on what was previously forecast for 2022-23. In considering the almost daily commentary on the efforts of the Reserve Bank to control inflation through adjustments to cash rates has prompted the Annual Plan team to assume no change to the original forecast for inflation as a safety precaution.

Government reform such as the Three Waters Reform.

The Government's announcement that the reform of Three Waters will be legislated creates certainty that transition will occur, but at this point the financial implications to ratepayers is unknown. Council is expecting some form of financial assistance for the transition to the four new entities but the quantum of assistance that will be extended is unknown.

Government grants

Economic stimulus and Provincial Growth Fund funding, while providing capital to build assets the District really needs, does not cover the cost of operating those assets into the future. Depreciation and other operating costs will have to be carried by ratepayers, which worsens the affordability issue.

The impact of mitigations actions within our control remain largely unknown:

Rating Review

The rating review is now complete with a result that does not improve the affordability profile for the Far North District. Until the operating details of the new three waters entities emerge It is too early to understand the implication of this reform agenda on rates.

Operating Costs

FNDC will continue to actively review operating costs.

Programme Darwin is a large programme of work tasked with significantly improving asset management practices, asset data, asset operations and asset planning. Any financial benefits coming out of this work will result in less cost to the ratepayer.

Sustainable Procurement

The organisation's strategic intention to implement more initiatives that lean towards localism includes keeping the momentum going with regard to sustainable procurement. This is likely to positively impact affordability by improving the local economy.

Where are the gaps? / what more could we be doing?

There is a lot we don't know. This makes it difficult to mitigate. We continue to work to better understand the unfolding changes and to continue agencies in this space.

- The affordability profile of the Far North is likely to have changed because of COVID-19 lockdowns. Up to date information is required to enable further intervention. **Suggested activity:** A refreshed BERL affordability study.

- More information is needed on the Three Waters reform and the impacts on rates in the Far North. The announcement to legislate the formation of four new water entities was recent, and at this point how these entities will operate financially is unknown. If, for instance, reform means that costs for each entity will be allocated in a pro-rated fashion to all ratepayers in the entity's area of responsibility, this has the effect of removing targeted rates by scheme. This could have a significant effect on some communities. **Suggested activity:** Maintain watching brief and assess financial impacts as the likely operating models emerge

- The impact of the COVID-19 pandemic and changing ways of working on migration to the Far North

- The impact to our National and the International economies from the COVID-19 pandemic

- The impact of the Government's Public Housing Plan on housing the "hidden" homeless and the number of additional house in our district.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Increase		Responsible:	GM SPP	Date accepted:	30/05/19	Six monthly

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ARF007 Compliance – NRC Abatements

Risk Status Progress Report December 2021

Prepared: 03/11/21

Description of risk and impact

The community expects that FNDC will manage infrastructure in a way that protects the health of people and environments. Council has KPIs requiring compliance with resource consents. One of the KPI measures is the number of abatement notices received. An abatement notice can be issued pursuant to s.322 of the Resource Management Act 1991 (RMA) if the regulator believes an activity has caused or is likely to cause a breach of the RMA. Abatement notices can lead to further enforcement action and not meeting community expectations.

Non-compliances that lead to abatement notices may be bio-physical or administrative. An example of a bio-physical non-compliance is discharge water quality. Administrative non-compliances relate to providing information or reports. Every abatement notice is unique and requires a site-specific resolution. Resolving abatement notices can take a considerable period of time if significant expenditure is required e.g. treatment plant upgrades. However, some general principles can be applied to reducing abatement notice risk.

Existing Treatments

- Maintaining an accessible register of current abatement notices in Teams
- Monthly monitoring and reporting on water and wastewater treatment to achieve early warning of compliance risks (including in the IAM business report each month)
- Monthly meetings with Northland Regional Council (NRC) and Far North Waters (FNW) to discuss monitoring results and compliance risks
- Triaging the significant and minor non-compliances recorded in CSVue and IRIS software to address compliance risks before they require abatement
- Implementing projects that improve compliance and reduce risks e.g., asset maintenance and upgrades

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Resolve non-compliance with resource consent conditions and Regional Plan rules to clear abatement notices:	The abatement notice register records that three abatement notices have been received so far this financial year. One related to water metering has been resolved. The other two relate to the Russell wastewater treatment plant upgrades and the Awanui riverbank stabilization. It will take time to carry out the physical work and monitoring required to resolve these.
	There were three abatement notices in the 2020-2021 financial year. These have all been resolved.
	There are four legacy abatement notices relating to Kaitaia reticulation and Opononi, Russell and Ahipara wastewater treatment plants. There is budget in the LTP for improvements to reticulation and treatment in order to resolve these.
Monitoring and Reporting	FNDC and FNW have initiated the implementation of WaterOutlook software. WaterOutlook is a digital data platform that will provide a single source of truth for flow data, telemetry and water quality data. WaterOutlook will enable Council to quickly compile, analyse and share compliance data.
Relationship building with Far North Water	The Infrastructure Compliance Lead meets monthly with Far North Water. This is a forum to share compliance information, raise issues and problem solve.
Relationship building with NRC	FNDC and NRC are actively collaborating: • Monthly activity level compliance meetings and reporting in place.

High level treatment plan:	Progress update:
	• Ad-hoc liaison and information sharing e.g., via IRIS software, summer bathing programme.
Triaging significant and minor non-compliances	FNDC uses CSVue software to track compliance with consent conditions. FNDC holds 195 resource consents and tracks 2677 consent conditions. There are currently 6 significant non-compliant conditions and 67 minor non-compliant conditions. These are being reviewed and montiored for action to reduce non-compliance and the chance for abatement.
Infrastructure Compliance Programme	An Infrastructure Compliance Programme will be developed with Asset Managers and FNW to formalise the prioritisation of projects that reduce compliance risks.

Where are the gaps? / what more could we be doing?

The risk trend may increase due to the legislative and regulatory change currently being faced. Recent reassessment of the inherent risk scored this risk as moderate impact. Exposure to this risk is difficult to assess due to the unknown impact of proposed Three Waters reforms, implementation of the Proposed Regional Plan and NRC increasing the use of abatement notices as a key part of their compliance strategy.

Far North Waters Alliance is responsible for operational compliance with water and wastewater resource consents. Far North Waters (FNW) take ownership of this area through having sound processes, systems and quality management in place, as well as having the technical capability to provide informed, cost effective and viable recommendations on improvements / upgrades needed to our water and wastewater assets to become and remain compliant. FNW have been actively contributing assessments that promote addressing compliance issues. The IAM Compliance Lead has been working with FNW to identify compliance risks and potential improvement projects, as well as adopting practices that increase the visibility of all known non-compliances, however minor, to minimise the chance these become the subject of an abatement notice.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:	
	Increase		Responsible:	GM IAMs	Date accepted:	30/05/19	Six monthly	

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ARF009 Customer Service Delivery

Risk Status Progress Report for December 2021   Prepared: 05/11/21

Description of risk and impact

Customer Service Delivery is the efficient and cost-effective delivery of required District Council services to residents, ratepayers, visitors and the community. This includes timely processing and communication with the public around services.

In some cases, ineffective and inefficient processes, and information, cause delays in processing requests and affects timely communication with customers.

Frustrated customers often call elected members who need to escalate or facilitate information back to the individual.

Existing Treatments

Treatments established:

A. Organisational Strategic Priority - Enriching the culture for our customers.

B. Customer Experience Improvement Programme.

C. Customer feedback improvement loop.

High level treatment plan and progress up-date:

Our new organisational strategy has been launched. The strategy is for us to look up and outwards; to our people, our communities and our future. One of the three main strategic priorities is enriching the culture for our customers. This priority acknowledges that positive customer experiences are the product of a healthy team culture in which people are engaged and believe in their organisation.

All teams across the organisation have been undertaking a planning exercise to review how their work aligns with this strategy and the customer strategic priority.

There are two significant programmes of work that have been prioritised by SLT that will focus on:

- Putting the customer at the heart of everything we do; and

- We know our stuff.

There will be several initiatives under these focuses in the coming years to support these foci. These will be included, and reported, as part of the Customer Experience Improvement Programme.

High level treatment plan:	Progress update:
Customer Experience Improvement Programme	In progress. Programme currently being refreshed to include organisation strategy initiatives. Progressing well but now due for competition Q3 2021/22 as new initiatives are significant and still being scoped. Bimonthly customer focus discussion with CEO.

	Community Board presentation is scheduled for end of Q2 2021/22.
Organisation Strategy Launch	In progress. All teams are completing a business plan exercise to identify new / current / revised customer focused initiatives to be undertaken in the next year. This is scheduled for competition at end of Q2 2021/22. The initiatives will be acknowledged at an all staff online event and the Big Get Together. The updating of these plans will become a BAU activity across Council.
Delivery of the Customer Experience Improvement Programme	
Customer centric culture business engagement (internal and external)	Ongoing. Customer satisfaction scores continue to improve. Latest 'corresponding with customers' training completed Q1 2021/22. Coaching, mentoring and establishing feedback loops continues to be enhanced by the new customer feedback system.
Customer Journey Mapping Programme Unified consistent cross organisation approach to support customer facing teams to improve and align customer journeys with our systems and embed a customer centric mindset with colleagues.	In progress. Programme has commenced and progressing well. Transport and Finance projects will pilot the programme.
Review of customer feedback processes, tools to analysis information and drive improvements.	Complete and now BAU. Refinements and additions continue to ensure we gain customer reach and feedback. We use the voice of our customers to drive customer focused improvements, recover bad experiences and help lift our customer culture.
Investigating impact on customers of our changing world.	Ongoing Will focus the programme refresh on changes in customer behaviors and suggestions in feedback.

Where are the gaps? / what more could we be doing?

- Enterprise wide RFS Redesign Project to align customer experience across the organisation (being considered in Customer Journey Mapping Programme and revised Customer Experience Improvement Programme).
- Establish broadened view of customer interactions via Elected Members and CE Office.
- Gain feedback from first call resolution customers Establish broadened view of customer interactions via Elected Members and CE Office.

All identified initiatives that are not included in the current Customer Experience Programme are recorded and reprioritised at the Programme Review.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Decline		Responsible:	Chief Transformation and Technological Officer.	Date accepted:	30/05/19	Three monthly

ARF010 Data Governance Risk

Risk Status Progress Report December 2021

Prepared: 27/10/2021

Far North District Council
Te Kaunihera o Tai Tokerau ki te Raki

HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

Description of risk and impact

Because of	There is a chance that...	leading to...
Lack of formal data governance	Data quality may be negatively impacted Data may be inappropriately used Data breach may negatively impact Council reputation We are non-compliant with relevant legislation	Slow, ineffective decision making Lack of confidence in data and decisions made on the data Increased organisational risk Mistakes/errors Ineffective and poor processes Inefficient customer service Legal liability and sanction Reputational damage to Council and Councillors

Data governance is the overarching framework that outlines the creation, maintenance, disposal and protection of data. The objectives of data governance are:

- Assure data security and data quality
- Maximise the benefit generation of information
- Designate accountability for data quality
- Enable evidence-based policy development
- Increase consistency and confidence in decision making
- Consistent reporting
- Enable evidence-based business cases and strategies.

Existing Treatments

Three active programmes of work will also result in improved data governance. These are:

1. The Enterprise data warehouse programme.
2. Program Darwin: this is now recognized as a strategic organisational risk on the top risk dashboard as ARF014 Programme Darwin
3. The Business Intelligence strategy.

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Data governance policies	Underway: ICT Operations and Delivery team are implementing an online IT Policy System in collaboration with Kaon Security Ltd to move to a more effective IT policy environment and to provide better governance around IT use and security. This IT Policy System is an enhanced cloud-based solution that has been developed to assist organisations create, deliver, and maintain a comprehensive suite of IT policies. This system streamlines the engagement between the users and the

High level treatment plan:	Progress update:
	content, whilst providing a rich source of guidance on how they should interact with organisational IT systems and data.
	With security attacks against organisations like ours increasing we must ensure our systems are protected against these threats. One of the foundational steps in achieving this is to document the rules and guidelines around system management, operation, and use. By complying with these rules and guidelines we are protecting our systems.
	Information security is all about keeping corporate information safe. The policies address the need to protect confidential and sensitive information from disclosure, unauthorised access, loss, corruption, and interference, and are relevant to information in both electronic and physical formats. Information security can be defined in three areas: • **Confidentiality** - Information must not be made available or disclosed to unauthorised individuals, entities, or processes • **Integrity** - Data must not be altered or destroyed in an unauthorised manner, and accuracy and consistency must be preserved regardless of changes • **Availability** - Information must be accessible and useable on demand by authorised entities.
	Ongoing the policy system will be updated with relevant changes to legislation, standards, and guidelines.
ALGIM (Association of Local Government Information Management) local government ICT security framework.	In place and ongoing: ICT Operations and Delivery team have implemented several ICT security improvements such as device encryption, network security and setting a BIOS password. The Manager – ICT Operations & Delivery provides the Assurance, Risk and Finance Committee regular Cyber Security reports.
FNDC needs to implement the requirements of the internal policy "PC033 Privacy Policy", adopted August 2019, such as agree designated Privacy Officers.	Implemented. The Privacy Officers are appointed by role. These roles are the Manager – Legal Services and the Legal Services Officer.

Where are the gaps? / what more could we be doing?

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Increase		Responsible:	Chief Digital Officer	Date accepted:	30/05/19	Six monthly

ARF013 Drinking Water Resilience

Risk Status Progress Report December 2021

HE ARA TĀMATA CREATING GREAT PLACES *Supporting our people*

Prepared: 01/11/2021

Description of risk and impact

In accordance with our Risk Management Policy, adopted by Council August 2019, the "Drinking Water Resilience" risk was adopted at the 05/07/20 Council meeting as a top organisational risk. This risk was scored and prioritised using Council's bespoke IDEATE methodology.

Council own and operate eight drinking water schemes supplied by 14 primary and supplementary sources and nine water treatment plants.

The primary source for Kaikohe, Kaitaia, Opononi, Rawene, Kawakawa and Paihia are surface water takes from local rivers and streams. Kerikeri also relies heavily on surface water as its secondary source. For each of these surface water takes Council hold a consent issued by the Northland Regional Council. The consents have conditions relating to many things but most importantly:

- the volume of water FNDC is authorised to take, and
- the instantaneous residual flow we are required to leave in the environment.

Surface water takes are impacted by droughts. Droughts typically cover a large geographical area; not just a single catchment or community. Irrespective of the volume of water FNDC is consented to take, there is a 20 percent chance each year that we will not be authorised to take water from the surface water sources for a week or more.

Group / SLT	Risk level	Inherent Risk	Risk description	Because of	There is a chance that...	leading to...
Infrastructure and Asset Management	Organisational	35	Strategic	Lack of freshwater resilience - long-term trends in rainfall coupled with changing and increasing consumer demands	Current freshwater supply systems will continue to not meet demand both now and into the future	Critical impact on our communities i.e. lengthy water restrictions; no/interrupted supply; costly economic consequences (affordability); extensive Health & Safety impacts across the district; economic and reputational risk from a failure to supply adequate potable and fresh water; negative environmental impacts.

The "Drinking Water Resilience" risk has been analysed as both an organisational and a strategic risk. A score of 35 or greater is in the high-risk category. Drinking Water Resilience scored 35:

To ensure clarity this risk excludes "Action for healthy waterways" new rules and regulations aimed to:

- stop further degradation of New Zealand's freshwater resources and improve water quality within 5 years
- reverse past damage and bring New Zealand's freshwater resources, waterways, and ecosystems to a healthy state within a generation.

Existing Treatments

1. Professionally managed water source and networks.
2. Asset management plans.
3. Water Supply Bylaw - this allows us to make water restrictions.
4. Water Shortage Management Plan – this outlines the processes and provides guidance on how water restrictions can be implemented to manage demand.
5. Water Shortage Management Committee is established with internal technical specialists who monitor and make recommendations on water restrictions to GMIAM.
6. Drought Communication Plan.
7. Ability to enact a dedicated drought response team (as used in the 19/20 drought).

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Drought resilience work for 20/21 financial year.	This work continues in FY22 with DIA funded projects needing to be complete by 31 March 2022. A large part of this program is externally funded through the Crown 3-waters reform.
Water shortage management plan.	Annual review completed and approved. Learnings from the 20/21 season have been documented for use in coming years.
2021/2031 Long Term Plan.	A programme of work for water infrastructure has been developed. The LTP was approved in June 2021 and activities for year 1 have now been or are being scoped for delivery.
Programme Darwin – to understand asset knowledge to refine investment planning.	The establishment of an Asset Management System is progressing. The other streams in the programme, including Asset Lifecycle Management, are being defined and resourced following a reset session in May that garnered useful insight from what staff saw as being needed from this programme.
Crown 3-waters reform funding.	MOU signed. Funding agreement and delivery plans have been approved. The Funding Agreement and Delivery Plan submitted September 2020 included a portfolio of projects to be completed prior to March 2022. The projects are split roughly 60% capital in nature, and 40% operational. Of the 18 projects, 13 of these projects will improve resilience. Key projects include:

	• Kaitaia new water source • Kaikohe new water source • Update water safety plans across the district • Network model upgrades • Enhanced water leak management • Enhanced water monitoring capability and data capture
Water Safety Plans	Water Safety Plans are being updated for each of our eight water schemes, also under the DIA funded programme. This significant piece of work is progressing and is on track for completion by 31 March 2022. This work will inform our understanding on the resilience issues faced by each scheme along with an improvement plan for those issues.
Water Shortage Management Committee	Establishment of the WSMC for the 2021/22 summer is underway with Chairmanship remaining with the Infrastructure Planning team. The lessons learned from the session held in May identified a number of improvements to the Water Shortage Management Plan and eco-system. These will be adopted this year.
Drought Communication Plan	The "be water wise" campaign commenced December 2020 and will be reviewed by the Water Shortage Management Committee in November 2021.

Where are the gaps? / what more could we be doing?

The June 2021 deep dive was a rapid immersion into our drinking water resilience risk. At the session Elected Members wanted to understand resilience in regard to changing conditions and operations, and how our thinking around resilience has matured.   The main activities underway or being considered to further build our resilience are:

- Alternative water supply for Kaitaia should be available after Christmas 2021
- Second deep bore at Monument Hill
- Reservoir storage for Kerikeri
- Catchment management process review of Water Treatment Plants
- Water Safety Plans (which also address risk management) will protect from source to customer and include improvement plans

What the acceptable level of risk is, for each water scheme and the residual risk profile, is yet to be determined. Whilst previous workshops with Elected Members were unable to assess the residual risk score, those workshops and ongoing work identified three aspects to understanding our adaptive capacity – source, treatment and network, of which there are a number of contributing factors towards achieving resilience.

Water Safety Plans are being updated for each of our eight water schemes. This significant piece of work will be completed by March 2022 and will inform our understanding on the resilience issues faced by each scheme. When completed this assessment, along with capacity analysis as part of the network modelling and any other available relevant information, can then be used to inform the Assurance, Risk and Finance Committee discussion to develop a residual risk profile.

The solutions to the gaps identified below will become clearer as 3-water reforms become more advanced and with the enactment of the Water Services Bill. These gaps are:

- What are Council obligations in respect of non-public schemes?
- If a private scheme starts to impact ratepayer health what is Councils responsibility?

- Council needs to determine what level of residual risk are we prepared to accept.
- There is uncertainty about the future ownership and management of water supply assets due to the proposed three waters reforms.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	March 2020	Report frequency:
	Stable		Responsible:	GM IAMs	Date accepted:	05/07/20	Three monthly

ARF014 Programme Darwin Risk

Risk Status Progress Report December 2021

Prepared: 08/11/21

Description of risk and impact

Because of the Programme Darwin complexity - long timeline, partially defined programme scope; and the need to be agile, to respond to our changing environment (i.e., physical, technological, regulatory, economic) **there is a chance that** the programme will not be successfully delivered, **leading to** poor community outcomes.

The "Programme Darwin" risk has been analysed as an organisational and strategic risk. The score of 35 puts this risk in the high-risk category.

The likelihood of the "Programme Darwin" risk materialising has been assessed as "will happen." The impact of implementation of the identified treatments has been assessed resulting in an expected residual risk decrease to 13, with the likelihood of the risk materialising estimated to be probable (the risk will possibly occur once in every two years). Two further linked group risks have been identified with the treatment of each of the three risks interlinked.

Darwin is a programme of work designed to deliver:

- Accurate and complete asset data that is controlled and maintained by FNDC
- Robust analysis on asset data that enables better long-term infrastructure decisions and delivers better value for money
- Clear asset management hierarchy, with clearly defined links between strategic and operational asset management functions
- Commitment horizontally (planning, engineering, finance, strategy, project management), and vertically (strategic leadership team, third tier managers, officers), to partner in continuing to develop our capability, capacity, and commitment in asset management
- An accurate data set allowing trade-offs to be determined with confidence so that the best value whole-of-life strategies can be developed, using real-time data
- The asset management IT system, Infor Public Sector Suite (IPS Suite), fully integrated with all other FNDC and Alliance Partner systems enabling easy data sharing, analysis, and ultimately better information to inform decision making
- A higher level of asset management competence within existing staff, and growing a pipeline of asset management talent
- A culture of continuous development to be agile enough to flex to changing asset management requirements

Programme Darwin also impacts the management and treatment of a number of organisational risks, namely ARF001 Climate Change, ARF003 Health & Safety Vulnerabilities, ARF004 Asset Management, ARF005 Affordability, ARF010 Data Governance and ARF013 Drinking Water Resilience. Programme Darwin is a significant treatment to reduce the risk impact of ARF004 Asset Management. The District Plan Team is also reliant on asset management information to inform district planning decisions.

Since Programme Darwin is positioned as a strategic enabler for Infrastructure and Asset Management, this risk (ARF014) has a direct bearing on the inherent risk rating of ARF004. Any deterioration within the risk trend of ARF014 may well result in a subsequent increase in the risk trend of ARF004.

Existing Treatments

The Programme Darwin Steering Group (PSG) was informed of the delivery risk to the Programme if the quality element within the AMS Project was not addressed. The checks and balances build around the data cleansing & migration process (to ensure the integrity of the data loaded into the IPS system), have resulted in both a significant extension to the delivery timeline, as well as to the associated execution cost. Also, the mandate around the Three-waters Reforms subsequently created uncertainty around the scope of the migration of Three-waters asset groups and related system configuration requirements.

A decision was made by the PSG to recommend to SLT a course of action whereby the delivery timeline would be reduced with 16 months, and the scope reduced by de-emphasizing Three-waters assets. Once endorsed by SLT, the Programme Manager will present a decision report, with a recommendation, to Council for EMs' approval, to approve additional funding and reduce the overall delivery risk.

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Identify the gaps in the programme resourcing, processes (e.g. Business Requirements Specification), Scoping, Impact Analysis, Costing, Scheduling, etc., for the various programme workstreams.	A number of scenarios have been identified and further analysis will be resumed, subject to the options paper presented to SLT on 15 November 2021 and decision report to Elected Members at the Council Meeting on 16 December 2021.
A SharePoint communications platform will be developed for the Programme. The stakeholder register will serve as a point of reference to channel relevant communications to particular stakeholder groups.	The Programme Manager is working with the PMO Project & Change Specialist and P&C Business Partner to develop a SharePoint communications platform that will articulate to stakeholders the value that the Programme will unlock within the organisation.
A SharePoint communications platform will be developed for the Programme. The platform will serve as the *de facto* source of Programme information.	The communications platform that is being developed will serve as the official information source for stakeholders, describing the Programme's objectives, progress, and delivery roadmap.

Where are the gaps? / what more could we be doing?

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	08/09/2021	Report frequency:
	Increase		Responsible:	Programme Manager - EAM	Date accepted:	08/09/2021	Three monthly

CONTROLLER AND AUDITOR-GENERAL
Tumuaki o te Mana Arotake

B.29[21i]

Our observations on local government risk management practices
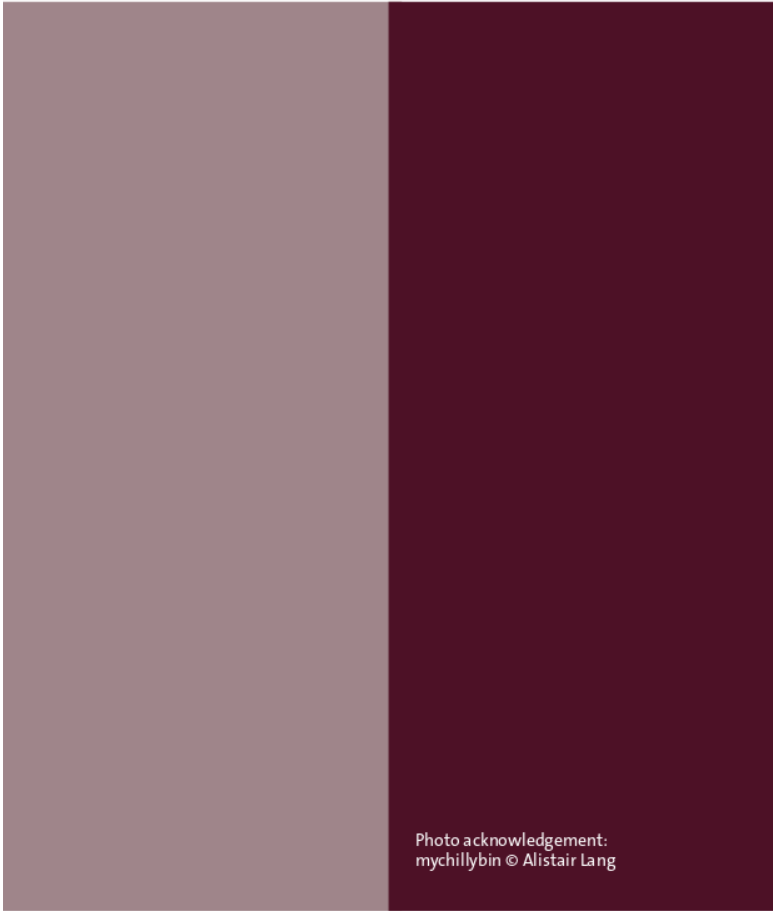
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mychillybin © Alistair Lang

B.29[21i]

Our observations on
local government
risk management
practices

Presented to the House of
Representatives under section 20 of
the Public Audit Act 2001.

October 2021

Contents

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Auditor General's overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. However, even before Covid-19, councils were operating in a complex environment that was becoming more challenging and uncertain.

We have recently seen service disruptions from core council infrastructure failures, the impacts of climate change with more frequent droughts and flooding, increasing pressures from growth, and financial pressures associated with all of these.

Councils are also grappling with meeting increasing standards and the uncertainties of proposed regulatory changes, such as the resource management reforms and the Three Waters Reform programme.

As councils seek to achieve their objectives and meet the needs and expectations of their communities in an increasingly complex environment, it is essential that they clearly understand the risks they face and how to manage those risks.

My Office has previously reported that risk management was one of the least mature elements of governance in the public sector. Therefore, I wanted to know about councils' current risk management practices.

Councils provide a wide range of critical services to their communities. Given the consequences if these services fail, I expected that all councils would have a formal risk management framework in place that is fully integrated into their strategies, business activities, and decision-making.

I also expected risk management to be supported by appropriate resourcing and training. I expected this to cover:

- governance;
- processes to identify, analyse, and monitor risks;
- effective approaches in place to manage risk; and
- regular formal reviews of risk management practices to identify areas for improvement.

Some councils do not currently have a formal risk management framework. In my view, those councils should prioritise putting a formal risk management framework in place. Councils also need to consider whether risk management is part of their organisational culture and integrated into the decisions they make.

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Auditor-General's overview

We saw several positive examples of a strong risk culture in the councils we looked at. These councils had an appropriate focus on, and a maturing approach to, risk management.

That every council now has an audit and risk committee (or similar), with most having some level of independent membership, is a step in the right direction. Although audit and risk committees have a role in setting up and monitoring risk frameworks, elected members are ultimately responsible for their council's risk management.

This report describes some positive examples that we saw during our work. These include:

- establishing the desired risk management maturity level, with a clear plan to achieve this;
- developing risk management guidelines to support greater consistency of practice throughout the council;
- using risk champions to help embed a risk management culture and support staff in their roles;
- embedding risk management into reporting to elected members to improve advice from staff, which provides elected members with greater confidence in their decision-making; and
- embedding climate risks into their overall risk context to make it a consideration for all strategic decision-making.

Despite this, the councils we looked at are still largely using basic risk management practices. However, they plan to improve their risk management practices over time.

To support good governance, elected members need to maintain an overall view of their council's strategic objectives, be aware of obstacles to achieving those objectives, and receive assurance that their council is managing risks well. In my view, more could be done to support elected members as they consider the risks faced by their council, particularly how they factor this into their decision-making.

Risk management should not be viewed as a separate process but integrated into all decision-making.

To improve their risk management practices, I expect councils to:

- have someone who is responsible for enabling and driving good risk management practices throughout the council;
- integrate risk management into all council activities, particularly strategy-setting and decision-making. As an example, some councils that have declared

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climate emergencies do not identify climate-related risks as a separate key risk for the council;

- improve the training and support provided to elected members, particularly in their roles and responsibilities for effective risk management; and

- carry out regular reviews of risk management activity to inform progress and areas of improvement.

Specialist tools, such as quantitative risk assessment, could also be more widely applied. This would give managers and governors a better understanding of the risks to delivering complex programmes of work and how they could reduce their exposure to those risks.

I encourage chief executives and elected members to consider the maturity of their existing risk management practices and prepare a clear plan for improving that maturity. We provide examples in this report to help with this.

I acknowledge that implementing risk management practices takes time and resourcing. However, the consequences of not adequately managing risk are significant. They can often result in large and unexpected expenditure, service failure, and a loss of public trust and confidence.

I acknowledge the work that organisations such as Taituarā – Local Government Professionals Aotearoa do in fostering networks to improve risk management practices in councils (for example, through its annual risk management forum). Grassroots sharing is important, and fostering networks is fundamental to learning and improving.

I thank the councils that responded to our risk management survey and the staff of Auckland Council, Environment Canterbury Regional Council, Queenstown-Lakes District Council, and Waipā District Council for their openness and co-operation during our consideration of their risk management practices. All these councils have shown strong improvements in their risk management processes and practices during the past few years, and I commend them for this.

Nāku noa, nā

John Ryan
Controller and Auditor General
18 October 2021

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Our recommendations

We recommend that councils:

1. prioritise putting in place a formal risk management framework if they do not have one;

2. ensure that elected members get the training and support that they need to carry out their risk management roles and responsibilities;

3. consider using more sophisticated techniques for identifying and managing risks on key programmes of work, such as quantitative risk assessments, given that the assessments that many councils make, particularly on the delivery of their capital expenditure programmes, need a high level of judgement; and

4. assess their desired level of risk management maturity and prepare a clear plan to achieve this. Regular formal reviews of their risk management practices should be carried out to inform progress and identify areas for improvement.

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Introduction

<div style="text-align: right;">**1**</div>

1.1   Our 2016 report *Reflections from our audits: Governance and accountability* noted that risk management is one of the least mature elements of governance in the public sector.

1.2   Effective risk management is a critical part of successfully delivering an organisation's strategy. Identifying, understanding, and managing risk is also a fundamental part of effective governance. When risk is not managed effectively, assets or projects can fail. This can erode the public's trust and confidence in an organisation.

1.3   Good governance that is informed by an understanding of risk tolerance not only avoids failures but can also mean that the organisation does not miss opportunities to improve its financial or operational performance.[1] Governing bodies that think strategically and consider their organisation's role in a wide context are more likely to identify and be in a position to take opportunities to improve their performance or to achieve benefits faster.

1.4   The local government sector has recognised the need for improvement in risk management. In June 2016, Local Government New Zealand submitted a business case to central government to establish a local government risk agency. The agency would work with councils to achieve a more consistent and higher standard of risk management practice.[2] To date, no such agency has been established.

1.5   In our audit work, we often see instances where councils do not have effective risk management.

1.6   Given this context, we carried out work to better understand the current state of councils' risk management, where the challenges and issues are, and what support councils need to improve how they manage risk.

What we expected to see

1.7   Effective risk management by public organisations involves identifying, analysing, mitigating, monitoring, and communicating risks as part of their business activities.

1.8   To determine what we should expect to see in council risk management, we looked at several risk management standards or frameworks. These included:

   • the *Australia NZ International Standard ISO 31000:2009: Risk Management*; and

   • the *All-of-Government Enterprise Risk Maturity Assessment Framework.*

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1   Risk tolerance is an organisation's or stakeholder's readiness to bear the risk after risk treatment in order to achieve its objective, see *ISO Guide 73:2009(en) Risk management — Vocabulary* at iso.org.

2   For more information on the Local Government Risk Agency, see lgnz.co.nz.   7

Part 1
Introduction

1.9 Based on these and our own work, we identified four elements of risk management that we expect all councils to have. They are:

- a risk management framework in place to identify, analyse, and monitor risks;
- effective approaches in place to identify and manage risk, with effective oversight by elected members and appropriate involvement by their audit and risk committee;
- regular formal reviews of their risk management practices that inform areas for improvement; and
- mechanisms for communicating with their communities about the risks they face and how they are managing those risks.

How we carried out our work

1.10 The observations we make in this report are based on:

- our observations of how Auckland Council, Waipā District Council, Environment Canterbury Regional Council, and Queenstown-Lakes District Council manage risk;
- the results of a survey we sent to all councils (except the four councils listed above);
- discussions we had with select audit and risk committee chairpersons; and
- the knowledge we have developed through our work, which includes our audit work and discussions with council staff and elected members.

1.11 The survey questions are set out in Appendix 1.

Structure of our report

1.12 In Part 2, we set out what we mean by risk management.

1.13 In Part 3, we outline the importance of having a commitment to risk management.

1.14 In Part 4, we discuss the need for clear governance and management roles and responsibilities.

1.15 In Part 5, we summarise the top risks identified by councils.

1.16 In Part 6, we set out what councils should be doing to improve their risk management.

8

What we mean by risk management

2

2.1 Councils should have a clearly defined framework for managing risk.[3] A risk management framework supports a consistent approach to managing risks throughout a council. It also provides a way for a council to compare the different types of risk that it must deal with, whether they are project-based risks, day-to-day operational risks, or longer-term strategic risks.

2.2 We do not endorse a particular risk management framework – there are many available. However, based on well-recognised risk management frameworks[4] we have identified some core elements a risk management framework should have, including:

- a structure for the governance of risk management, with defined levels of accountability and reporting mechanisms. This includes appropriate involvement by audit and risk committees (see Part 4);
- process(es) that are applied across a council to:
  - identify, analyse, and evaluate risks and their significance;
  - monitor and review risks to ensure that a council understands what could get in the way of achieving its strategic objectives;
  - treat risks to ensure that these are being appropriately managed; and
- ongoing monitoring and review of the risk management process as a whole to ensure that it remains effective and councils continue to mature their risk management practices as planned (see Part 6).

2.3 The framework should be appropriate for the objectives the council is seeking to achieve and the main issues, drivers, and trends that could get in the way of it achieving them. It is important to have a risk management framework in place that is applied consistently and effectively. This will help council staff assure elected members that risk is being well managed. It will also better inform elected members' decision-making, which in turn enhances the community's trust and confidence in their council.

2.4 The Chief Executive of Environment Canterbury told us that "ultimately, risk is the language that helps staff and elected members make better decisions".

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3   Our definitions of risk and risk management are from *ISO 31000:2009: Risk Management*. We define **risk** as the effect of uncertainty on objectives. We define **risk management** as the co-ordinated activities to direct and control an organisation with regard to risk.

4   For example, we looked at *ISO 31000:2009: Risk Management* (and its 2018 update) and the *All-of-Government Enterprise Risk Maturity Assessment Framework*.

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Not all councils have a risk management framework

2.5   Our survey of risk management practices asked whether councils have a clearly
defined risk management framework. Of the 63 councils that answered this
question, 55 said they had a risk management framework. Most of these said
that their framework was based on the *International Standard ISO 31000* (2009 or
2018). Of the eight councils that said they did not have a framework, seven said
that they were preparing one (see Figure 1).

Figure 1
Whether councils we surveyed have a risk management framework

Does your council have a clearly defined framework for managing risk?

55

councils that responded to our survey have one.

Of these councils, most have frameworks based on International Standard ISO31000; 2009 or 2018.

Most councils that said they do not have a framework are in the process of preparing one.
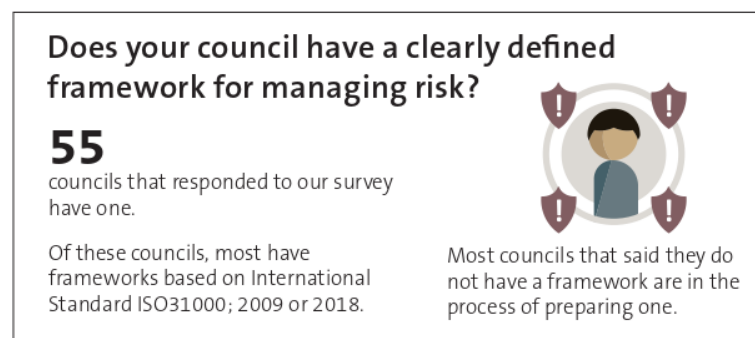
Source: Office of the Auditor-General.

2.6   Councils provide critical services to their communities. Because there are serious
consequences if these services fail, it is imperative for all councils to have a formal
risk management framework in place.

Recommendation 1
We recommend that councils prioritise putting in place a formal risk management
framework if they do not have one.

Tailoring risk management to the needs of the council

2.7   There are many risk management frameworks that councils can base their
framework on. Councils need to tailor their risk management framework to their
circumstances – including their operating context, culture, strategic objectives,
risk appetite,[5] and risk tolerance. In Figure 2, we describe Environment Canterbury
Regional Council's approach to managing its risks.

10   5   **Risk appetite** is the amount or type of risk that an organisation is willing to pursue or retain.

Figure 2
Environment Canterbury Regional Council's approach to risk management

Environment Canterbury Regional Council has a decentralised approach to risk management.

The Council adopted its formal Risk Management Policy and Framework in 2017. However, the Council's journey of risk management maturity and readiness started when it developed stronger project management processes in 2014. It then emphasised health and safety management in 2016.

The Council's Risk Management Policy and Framework does not mandate specific risk management processes. Instead, it encourages risk thinking.

Under the Council's model, elected members and senior management set the tone for what they expect for risk management. Each group in the Council is expected to take responsibility for its own risk management, and risks are managed throughout the organisation rather than centrally. In effect, elected members and senior management empower staff to identify, manage, and monitor risks.

The Council has organised its services into the following portfolios:

- air quality;
- biodiversity and biosecurity;
- freshwater management;
- climate change, hazards, risk, and resilience;
- regional leadership; and
- transport and urban development.

The Council also has functional areas, such as project management and health and safety. Risk management is carried out at each of these portfolio and functional areas. Relevant managers are responsible for managing the risks in their domains. The managers receive support to establish and strengthen their risk management practices when they need it.

This approach means staff can choose how to identify, assess, and respond to risks. This has been welcomed by staff, who can focus on their actual risks rather than the risk management tool given to them.

Elected members receive regular updates from management on how the Council is managing identified risks through portfolio committees and the performance, audit and risk committee.

The Covid-19 pandemic delayed a regular review of the Council's top risks by elected members. This had not been done when we completed our work.

Councils had appropriate policies and processes in place

2.8   The four councils we looked at had the policies and processes in place that we expected to see. These include:

- a risk management policy;
- appropriate processes and procedures to identify, analyse, and evaluate risks;
- allocated responsibility for the overall leadership of risk management in the organisation; and
- some way of distinguishing between strategic, operational, and projects risks to effectively oversee and monitor risks at the right level.

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Part 2
What we mean by risk management

2.9   The four councils we looked at tailored their risk management policies to their needs. Council staff also actively considered these policies when carrying out their risk management roles and responsibilities, including when they managed projects and made decisions more generally.

2.10   In general, the four councils we looked at capture project risks on an ongoing basis. Strategic risks are usually reset on an annual basis through workshops with senior leadership teams and elected members.

2.11   For example, Auckland Council uses a variety of tools and approaches to identify risks. These include:

- risk appetite statements, which are directives from the executive leadership team and endorsed by elected members, to indicate their comfort levels for risk;
- brainstorming sessions with experienced and knowledgeable staff;
- structured techniques (such as strengths, weaknesses, opportunities, and threats (SWOT) analysis; process mapping; and bow-tie analysis[6]);
- annual strategic, council planning, budget, and risk identification workshops;
- regular compliance reviews (internally and externally);
- quarterly reassessment of top and emerging risks with the senior leadership team and the audit and risk committee;
- assignment of ownership and accountability for top risks;
- divisional and departmental risk registers in place; and
- independent reviews of the council's actual risk maturity compared with its desired level of maturity.

Councils need to focus on achieving consistent risk management practices

2.12   Some staff we interviewed said that their council finds it challenging to achieve consistent risk management practices throughout the organisation. This is because different teams apply different risk management processes or apply the same processes inconsistently. This can affect the quality of advice provided to senior management and elected members, and the robustness of decisions made.

2.13   Waipā District Council provides Risk Management Guidelines, and staff training and support, to help improve the consistency of risk management practices throughout the organisation. The guidelines provide different approaches to identifying risks, tools for risk analysis, guidance on writing risk statements, and an explanation of the "likelihood" and "consequence" ratings and how these translate into inherent risk assessments and the suggested treatment options.

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6   **Bow-tie analysis** is a visual way of showing the effects of a hazard, the risk it presents, the consequences, and the controls that should be implemented.

12

Committing to risk management   3

3.1 Council staff and elected members need to understand the importance of managing risk and having a strong and sustained commitment to effective risk management.

3.2 Council staff and elected members should express this commitment by:

- setting the tone from the top and expressing a commitment to risk management through a risk policy;

- integrating risk management throughout the council – particularly in its setting of strategic priorities and decision-making processes;

- being appropriately resourced with staff who are adequately trained and experienced in risk management; and

- elected members having a shared understanding of their roles and responsibilities in risk management (see Part 4).

3.3 The four councils we looked at are strongly committed to risk management and recognise its importance to achieving their objectives.

Councils should have someone responsible for leading risk management

3.4 Our survey asked councils whether they had a dedicated risk manager. If they did not have a dedicated risk manager, we asked why. If they did have a dedicated risk manager, we asked who the risk manager reported to (see Figure 3).

Figure 3
Whether the councils we surveyed had a dedicated risk manager

Does your council have a dedicated risk manager?

34
councils that responded to our survey said they have one.

25
councils that responded to our survey said they did not have one.

15
councils that do not have one said it was because they are too small and/or it is unaffordable.

Source: Office of the Auditor-General.

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Part 3
Committing to risk management

3.5   Of the councils that did have a dedicated risk manager, seven risk managers reported to their chief executive.

3.6   Although not all councils can afford to have a dedicated risk manager, they should have someone responsible for enabling and encouraging good risk management practices.[7] The risk manager is not responsible for managing risk but helps lead and monitor risk management processes throughout the council.

3.7   If a council has an internal audit function, then the internal auditor should not be responsible for risk management decisions. Internal audits provide assurance that risk management activities are appropriately designed and implemented, and that they are operating effectively.

3.8   Internal audits are risk based, which means internal auditors need access to risk information. Sometimes, the internal auditor is asked to co-ordinate or aggregate risk intelligence. However, if the internal auditor is seen to have responsibility for risk management, then their independence might be questioned.

Councils need to improve the integration of risk management into council activities

3.9   From the councils we looked at, we saw that it can be challenging for councils to integrate risk management into their activities, particularly when making decisions about operational risks.

3.10   Figure 4 describes how, to support effective decision-making, Auckland Council includes a risk section in all governance reports.

Figure 4
Auckland Council includes a risk section in all governance reports

Auckland Council includes a risk section in its report for governors (including local boards). The report template provides report writers with guidance on how to fill out the risk section. This section must be populated.

The Council also runs an ongoing quality advice programme. As part of the programme, training and guidance is provided to report writers who advise decision-makers about risks and mitigations.

Having a risk section means that staff are prompted for their consideration and management of risk. Staff we spoke to said that there has been an increased commitment and understanding of what risk management is and why it is important.

Auckland Council has enforced this discipline for some time. This and its other initiatives, which include increasing risk management conversations throughout the Council, have improved the quality of reports going to the governing body.

14   7   The International Standard *ISO 31000* (2018) discusses leadership and commitment in Part 5.2.

Culture is critical to integrating risk management

3.11   Effective risk management is not just about the systems and processes in place (the "architecture") – it is also about how staff implement it in their day-to-day work. Councils should consider how to implement an appropriate culture in their organisation that would best support integrating risk management into all their activities.

3.12   Hastings District Council's Chief Executive expressed a commitment to risk management in the Council's Enterprise Risk Management Policy and Framework. In that commitment, the Chief Executive notes:

> *Risk management enhances our service culture and should be engrained in our DNA. Risk management is a continuous journey of learning and its application underpins our ability to deliver positive outcomes for our community.*

3.13   As Figure 5 shows, Hastings District Council's framework describes guiding behaviours (such as "we openly and constructively engage in risk discussion at all levels") and how success will be measured (such as "staff know how and when to discuss risk with management based on good process and a supportive environment").

Figure 5
Hastings District Council's Risk Management Policy and Framework

Guiding behaviours

- The Chief Executive and Group Managers lead and promote risk management.
- We have a "risk smart" culture where risks are systematically managed, monitored, and reported.
- We ensure that staff are equipped with the skills and guidance needed.
- Our people are encouraged and supported to escalate risks as appropriate.
- We openly and constructively engage in risk discussion at all levels.
- We integrate risk management into all decision-making and planning.
- We proactively manage threats in line with risk appetite to reduce the consequence and likelihood of not meeting objectives.
- We proactively innovate to improve our delivery of objectives.

Measuring success

- Risk roles and responsibilities are well understood.
- Staff know how and when to discuss risk with management based on good process and a supportive environment.
- There are few surprises; risk reporting provides early warning.
- The Council's objectives and outcomes are met and the Council's reputation and image are protected.
- Risk management within the Council is continuously reviewed and improved.
- Internal and external stakeholders are confident that the Council manages risk within acceptable levels.
- Risk management occurs throughout the development and implementation of any business plan, policy, programme, or project.
- All Groups speak the same risk language and respond to risk in a consistent way.

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Part 3
Committing to risk management

3.14   The way that risk is considered by elected members, at a council's audit and risk committee, and by management (collectively and individually), creates a culture. That culture has a significant bearing on whether a council will successfully identify and manage risks.

3.15   In Figure 6, we describe Auckland Council's use of risk champions to support its risk management culture.

Figure 6
Auckland Council's use of risk champions

Auckland Council has designated between 50 and 60 staff as risk champions. The risk champions are important for embedding good risk management culture and good practice throughout the Council.

One risk champion we spoke to described their work as an advocacy role, promoting good practice in risk management. They saw the value of their role in increasing the conversation about risk management throughout the Council and, in particular, supporting their department to improve how it considers and manages risks.

Before Covid-19, the risk champions met every two months to look at risks throughout the Council. Risk kōrero were reinstated in January 2021. The January meeting discussed how to effectively integrate risk management into everything the Council does. The risk champions were briefed on the Council's latest reassessment of its top risks, and they provided feedback on the likelihood and impacts of each risk at a divisional and departmental level.

This information has been recorded and informs the assessment and management of the Council's top risks. The Council continues to develop a programme for the risk champions, including holding regular meetings.

Staff and elected members need more support and training

3.16   Staff and elected members need to understand why risk management is important to their council's business, how it relates to their roles, and the part it plays in good decision-making.

3.17   We found that councils in general recognise that they need to do more in respect of training and development, and have ongoing conversations, so that elected members and staff understand their role in managing risk. This would help them more consistently consider and discuss risks and their impact on the council's decision-making.

3.18   Elected members often receive information about a council's risk management activities and their role in risk management as part of their post-election induction. However, we found that subsequent workshops or training sessions often did not happen. One council scheduled a follow-up forum that only a small number of elected members attended.

3.19   Queenstown-Lakes District Council has a risk management intranet page with links to relevant resources. The Council also provides internal training on new aspects of its risk management processes to some staff. Staff with stronger risk management backgrounds run the training.

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3.20   Auckland Council identified four high-risk areas needing consistent training (cyber security, integrity, health and safety, and privacy). The Council made online learning modules mandatory for all staff and included them in the onboarding programme for new staff. Overall, about 80% of all Auckland Council staff have completed the training to date.

3.21   Auckland Council also provides risk management training and "how to" guidance to staff and elected members in conjunction with its organisational development programmes. These include the Kura Kawa (elected member development programme) and the staff quality advice and risk champions programmes.

Risk aware versus risk averse

3.22   Risk management practices are not usually designed to eliminate all of an organisation's exposure to risk.

3.23   We heard through our work that councils can have a risk averse[8] culture across both elected members and staff, which reflects a conservative risk appetite. Because of councils' obligations to be financially prudent and accountable to their communities, this is not surprising.

3.24   Councils are also at times subject to significant scrutiny not just from their communities but also central government and interest groups, such as residents' or ratepayers' associations.

3.25   However, risk management is not just about avoiding or reducing the impact of bad outcomes. Risk management is also about supporting an organisation to succeed.

3.26   As well as posing a threat, risk can be an opportunity for developing innovative ways of working. Not looking for or not taking opportunities when they arise also has risks. There is a difference between being "risk aware" and "risk averse".

3.27   Councils need to understand and be transparent about the risks they take on and the benefits they seek. Not all initiatives will succeed, and sometimes the speed of implementation can deliver benefits quickly but put the cost or quality of those benefits at risk. Using reliable information to balance risk and return is part of good risk management.

3.28   Councils need to consider value creation and the potential for innovation when setting their risk appetite. The need for innovation has never been more important given the challenges councils are facing to deliver services to communities within budgetary pressures.

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8   According to the *Cambridge Dictionary*, being **risk averse** means being unwilling to take risks or wanting to avoid risks as much as possible.

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4

Clear governance and management roles and responsibilities

4.1 Councils should have a structure for how they govern and manage risk, with defined levels of accountability. Roles and responsibilities for the governance and management of risk are often split between different individuals and teams. Therefore, it is vital that these roles and responsibilities are documented and understood. This includes the roles and responsibilities of elected members and audit and risk committees.

4.2 Collectively, elected members are responsible for setting the risk management tone and objectives for their council. They are also responsible for overseeing the council's strategic, financial, operational, and reputational risks. This is because elected members are ultimately accountable to the public for their council's performance.

4.3 Audit and risk committees can support elected members in risk management. However, there should be clear lines of communication between the audit and risk committee and the elected members about risk management.

Audit and risk committees' important role in risk assurance

4.4 Audit and risk committees could be better thought of as risk and assurance committees. Their focus should be on risk, and their purpose should be to provide assurance to elected members that their council is managing risk well.

4.5 Risk is the effect of uncertainty on achieving an organisation's objectives. Therefore, it is important that audit and risk committees have a good understanding of what their council is trying to achieve now and in the long term. Audit and risk committees should also understand the council's key risk areas, including the likelihood of those risks occurring and the consequences if they do.

4.6 Audit and risk committees can help a council by:
- reviewing the effectiveness of a council's risk management framework, policies, processes, and controls, which provides assurance to elected members that there are effective internal controls to manage risks and that the risk management framework is fit for purpose and used effectively;
- providing assurance that a council's strategies are achieving their intended objectives;
- helping elected members test and challenge new ideas and business-as-usual operations so that the council improves and meets its objectives; and
- providing an opportunity for the chief executive or other senior managers to test ideas in a constructive forum.

4.7 In our view, each council should consider the appropriate functions and role of its audit and risk committee for risk management. Audit and risk committees should have the training and support they need to carry out their role.

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4.8   We saw effective risk management in the four councils we looked at. The audit and risk committees of these councils had clear roles and the right experience and skillsets for the types of risks their councils face. The four councils' audit and risk committees all received updates from risk managers at each committee meeting.

4.9   The audit and risk committee chairpersons we spoke to noted that their council's processes have matured significantly. This was often demonstrated during the response to Covid-19, with audit and risk committees playing a critical role.

4.10   In Figure 7, we describe Waipā District Council's audit and risk committee's role in risk management.

Figure 7
Waipā District Council's audit and risk committee

We saw some good practice applied by Waipā District Council's audit and risk committee. The committee was established in September 2015, and an independent chairperson was appointed in December 2019. The committee is a sub-committee accountable to the elected members for the Council's risk management activities.

The committee's role in risk management is to:

- ensure that the Council's risk management framework is current, comprehensive, and appropriate;
- assist the Council in determining its risk appetite;
- review the effectiveness of the Council's risk management framework and internal control systems; and
- review risk management reporting quarterly.

The committee meets quarterly and is provided with a Quarterly Risk Management Report. The report provides an update on key insights; strategic, operational, and project risks; emerging risks; an update on the mitigation actions taken; internal audit activities; and how the implementation of the risk management strategy is progressing.

The main purpose of the quarterly reports is to provide a basis for discussion and start effective risk conversations.

The committee asks the following three questions to hold management to account:

1. Are management happy with where risk management is at?
2. If not, what do they need to do to respond to that risk?
3. Does management have the support they need to respond to risk?

Standing items on the committee's agenda cover:

- a "deep-dive" discussion on one of the Council's top risks (this is on a rotating basis, with the intent that each top risk is discussed once a year);
- an organisational risk discussion with the Chief Executive; and
- a group risk discussion with each of the group managers on a rotational basis that covers what is on the manager's work programme, what is on their upcoming work programme, and what "keeps them awake at night".

There are clear lines of communication between the committee and the full Council.

The Council reviews the performance and effectiveness of its audit and risk committee through an annual perceptions survey. All elected members and key staff members who work regularly with the committee complete this survey. The first survey was carried out soon after the committee was established and acts as a baseline. Subsequent survey results provide a long-term view of the committee's effectiveness.

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Part 4
Clear governance and management roles and responsibilities

Improving elected member confidence in risk management

4.11   Identifying, understanding, and managing risk is a core part of the role of elected members. Elected members should:

- establish a tone at the top that promotes a risk-aware culture;
- set the council's risk policy and approach;
- be informed about risks and the measures that management is taking to manage significant risks; and
- ensure that the council has appropriate processes for identifying, assessing, and responding to risks in keeping with its risk approach and that these processes are operating effectively.

4.12   We saw a need for councils to have a stronger focus on the role that elected members play in risk management. This includes ensuring that elected members are getting the training and support they need to carry out their risk management roles and responsibilities.

4.13   Elected members need to be able to make informed decisions about how to deliver their council's objectives that have been set in consultation with their community. They also need to understand the implications of these decisions.

4.14   This includes understanding the risks associated with progressing a proposed course of action and how their council is managing these risks. Elected members need to be able to test the information they receive from council staff and make well-informed decisions.

4.15   It is important that elected members understand the context in which they are making decisions on behalf of their community and the implications of the risk information staff provide to them.

4.16   Staff and elected members need to discuss risk and how it should be managed in a clear way. Good communication between elected members and management is essential to set risk management expectations, including roles and responsibilities and the council's risk appetite and risk tolerance levels.

Recommendation 2

We recommend that councils ensure that elected members get the training and support that they need to carry out their risk management roles and responsibilities.

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Councils' top risks

5

5.1 The risks councils face are wide ranging. They include risks related to health and safety, the impacts of climate change, fraud, cyber-security, asset failure, cost escalation, drinking water quality, and changes in regulatory standards.

5.2 We asked councils what they identified as their top five risks. Of the 56 councils that responded to this question, 11 said that health and safety was their number one risk and six said the impact of climate change was their number one risk (see Figure 8).

Figure 8
The top risks identified by councils were wide-ranging

Councils were asked to name their number one risk ...

11 councils — Health and safety
6 — Climate change
4 — Cybersecurity / Info systems
4 — Emergency management/ Business Continuity Planning
4 — Asset failure
3 — Staffing capability or retention
2 — Financial management/ sustainability
1 — Natural hazards
1 — Asset management
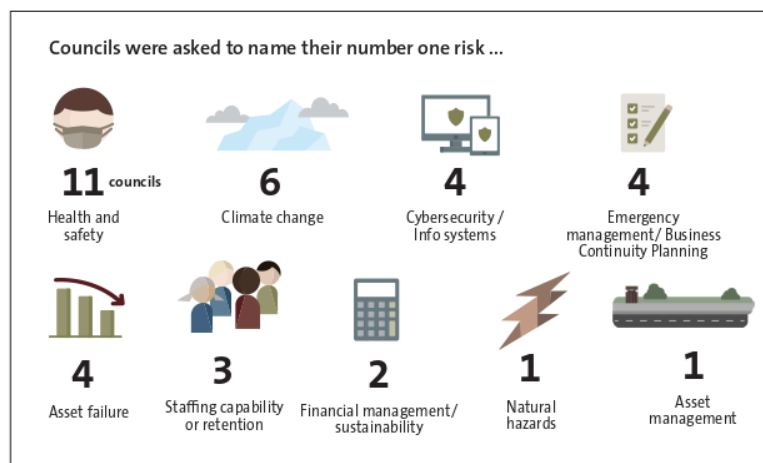
Note: This is a sample from the responses received from the 56 councils, not a total list.

5.3 In our local government work, we often find instances where poorly managed conflicts of interest and procurement risks reduce the public's trust and confidence in a council. However, not many councils we surveyed listed conflicts of interest or procurement as a top risk.

5.4 We looked at two specific risks – climate change and asset management (including asset failure) – and considered how three councils were looking to mitigate the risks that they had identified.

Climate change

5.5 Six councils in our survey said that their number one risk was responding to climate change impacts. Several other councils included this in their top five risks.

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Part 5
Councils' top risks

5.6   Climate change poses risks to council activities, and council activities affect the climate. Councils need to:

- advise their elected members of these risks;

- communicate these risks to their communities; and

- make informed decisions about how to manage their assets and deliver services in response to these risks, including assessing options and their cost implications.

5.7   As at February 2020, 17 councils have declared climate emergencies (see Appendix 2). However, in their responses to our survey, some of those councils did not have climate-related risks in their top five risks.

5.8   This might be because those councils are not integrating their climate-related strategy and/or policy decisions into their risk management practices. Another reason might be that councils have incorporated climate change-related risks into other risk categories, such as asset failure.

5.9   If councils are to make well-informed decisions about their climate change work programmes, it is important that they integrate their decision-making and risk management. This also demonstrates to their communities that they are acting on their climate emergency declarations.

5.10   The Task Force on Climate-related Financial Disclosures framework has been developed to provide clear and comprehensive information on the impacts of climate change. The framework is structured around four core categories, one of which is risk management. Councils are encouraged to become familiar with the framework.[9]

5.11   In Figure 9, we describe Queenstown-Lakes District Council's approach to embedding a consideration of climate change risks into its current and future risk context.

9   Matt Raeburn and Rick Lomax (July 2021), "TCFD framework and climate change obligations", *Local Government Magazine New Zealand*, pages 40-42.

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Figure 9
Queenstown-Lakes District Council's approach to embedding a consideration of climate change risks in its risk context

Queenstown-Lakes District Council has taken steps to embed climate change into its current and future risk context. The Council identified ineffective planning for climate change as one of its top five risks.

The Council adopted a climate action plan after consulting with its community, holding workshops, and commissioning scientific research on climate change impacts and implications for the district until the end of the century.

The climate action plan has the following five key outcomes:

1. The community looks to the Council for leadership and action.
2. Queenstown-Lakes District has a low-carbon transport system.
3. Built environment and infrastructure are climate responsive.
4. Communities are climate conscious and resilient.
5. The economy and natural environment thrive together.

The plan is supported by a range of actions that involve – and need implementation support from – all directorates of the Council. When consulting the community on its 2021-31 long-term plan, the Council sought views on whether to maintain its current level of investment into activities to achieve climate goals or to increase this investment. The plan is aligned with the Council's other strategies and outcomes.

Actions under the climate action plan to date include forming a Climate Reference Group and developing a draft Emissions Reduction Masterplan and Sequestration Plan for the district. The plan notes that the Council will develop a performance framework and identify key performance indicators.

The Council considers that there is good engagement with the climate action plan and strong community support, both in terms of adapting to climate change effects and reducing emissions. The Council aspires to have net zero carbon emissions in communities in the district as part of its Vision 2050 strategy.

Council officers report on progress in implementing the Council's climate action plan as a standing item in the Audit Finance and Risk Committee agenda and identify areas for further investment and action. The reports update the committee on progress in achieving the five outcomes, actions in the plan, priorities for the next quarter, actions that have been delayed or rescheduled, risk mitigations, and updates on changes in the operating environment (such as the Climate Change Commission's advice).

Asset management

5.12   Many councils' top risks relate to asset management. Councils are responsible for managing assets with a combined value of more than $160 billion. Councils deliver core services to their communities through these assets. Councils are accountable for the decisions they make about how these assets are managed.

5.13   Climate change, natural hazards, growth, increasing environmental and health standards, regulatory change, understanding the condition of existing infrastructure, and funding constraints all affect whether councils achieve their asset management and service delivery objectives.

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Part 5
Councils' top risks

5.14   Many assets are also coming to the end of their useful life, and performance
        issues might arise as a result. We have previously highlighted concerns that
        councils might not be sufficiently reinvesting in their critical infrastructure assets.
        This is based on planned renewals expenditure being less than the forecast
        depreciation charge.[10]

5.15   Recently, as part of their 2021-31 long-term plan consultation, several councils
        identified that they have been underinvesting in their assets.[11] Some communities
        are already experiencing asset failures because of this underinvestment.

5.16   To manage infrastructure assets, councils need to have reliable information
        about the condition and performance of their assets. Reliable asset information is
        important for mature asset risk management.

5.17   However, many councils struggle with getting reliable asset information, despite
        the benefits. In Figure 10, we describe Waimakariri District Council's approach to
        managing its assets.

5.18   To govern the management of assets effectively, elected members should ask
        questions and/or receive information (preferably trend information) about
        the following:

        •   What is the knowledge we have about our assets?

        •   What percent of our assets have been inspected and when?

        •   How are we monitoring the performance of our assets?

        •   What are the asset failure trends?

        •   What do we spend on reactive versus planned maintenance versus relevant
            benchmarks?

        •   Does our future investment programme adequately consider risk and allow the
            council to take a risk informed investment approach?

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10   Office of the Auditor-General (2020), *Insights into local government: 2019*, paragraph 1.10.

11   For example, see Central Hawke's Bay District Council (2021), *Facing the Facts: Consultation Document Long Term
     Plan 2021-2031*, page 2.

24

Figure 10
Waimakariri District Council's asset planning and information

Waimakariri District Council recognises that good asset planning and information helps manage risks at a strategic level and when it responds to an immediate issue, such as the Canterbury earthquakes in 2010 and 2011. When the earthquakes happened, the state of its assets held few surprises for the Council. Within days of the earthquakes, the Council was able to make significant decisions about replacing pipes to restore assets and accommodate the required future growth in the district.

For many years, the Council has prioritised its understanding of what assets it owns, where those assets are located, hazards that might affect its assets, and where there is capacity for growth – including population, demographic, and industry changes. The Council has collected all of the important information for reticulation pipes, such as pipe diameter, ground conditions, and how deep the assets are.

The Council has assessed vulnerable and critical assets, and it has plans in place to renew these assets before they fail.

The Council has taken a long-term view in preparing its infrastructure strategy. As a result, it has ring-fenced the money it needs for its asset renewals. The Council has also costed the likely impact of another natural disaster and has sufficient "head room" in its financial strategy to respond to such an event.

There is a strong commitment to resourcing for both staff and technology. The Council actively recruits interns and graduate engineers and provides them with training. This supports a sustainable workforce.

The Council reviews its risk register quarterly and reports a reasonable level of detail. The Council has recognised that it needs to improve its reporting to elected members, noting that reporting often influences the desired change. The Council currently provides detailed asset management plans and reports compliance on performance measures and the capital works programme to its elected members. However, this does not report on service level outcomes, and the Council has noted that this is a matter it could report on.

5.19   We have reported that many councils plan to invest in their assets at significantly increased levels. However, they have struggled to achieve their capital expenditure programmes.[12]

5.20   Project delays or deferrals are typically the most common reasons councils give for spending significantly below their capital expenditure budgets. These delays can be caused by re-prioritising council projects, internal delays (such as consenting issues), and contractual delays (such as tender processes taking longer than expected). These risks are often not well described or understood when capital programmes are approved.

5.21   In Figure 11, we describe Waipā District Council's approach to managing the risk of not delivering its capital works programme.

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12   Office of the Auditor-General (2020), *Insights into local government: 2019*, page 13, and Office of the Auditor-General (2019), *Matters arising from our audits of the 2018-28 long-term plans*, pages 19-20.

25

Figure 11

Waipā District Council's approach to managing the risk of not delivering its capital works programme

Waipā District Council staff told us that the Council's most pressing risk is how to deliver its capital works programme to provide the infrastructure to support expected high levels of growth.

The Council continually reviews project risks and assigns these to "owners" where appropriate. Project managers identify risks at a project level, but the owner of the work programme is expected to consolidate risks at a programme level. This enables cross-organisation responses to be prepared.

Risks filter down through the Council's business planning process and are reported to the audit and risk committee quarterly. The key purpose of the report is to provide a base for discussion and start effective risk conversations by the committee. The report provides the committee with the results of the quarterly review of risks, an update on the status of the mitigation measures, and an update on the implementation of the risk management strategy. The executive also carries out a quarterly review of the report in the lead-in to the audit and risk committee review.

5.22   Councils need to deliver large and complex capital programmes. This was reinforced in councils' 2021-31 long-term plans, where capital expenditure forecasts continue to significantly increase over long-term plans.

5.23   We consider that, given the complexity of decisions that councils need to make about large infrastructure projects, they could make more use of specialised risk management techniques. We have seen limited use of such techniques by councils.

5.24   Quantitative risk analysis or assessments can assist councils in decision-making by providing a probability associated with particular outcomes. This would enable councils to understand what controls or interventions are likely to have the greatest effect on reducing risk.

5.25   Councils cannot make strategic decisions if they do not know where their risks are and what effect they have.

Recommendation 3

We recommend that councils consider using more sophisticated techniques for identifying and managing risks on key programmes of work, such as quantitative risk assessments, given that the assessments that many councils make, particularly on the delivery of their capital expenditure programmes, need a high level of judgement.

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The failure of important relationships is a strategic risk

5.26   Councils depend on successful relationships to achieve their strategic objectives – including relationships with neighbouring councils, central government, mana whenua, and their council-controlled organisations.

5.27   We saw councils recognising the failure of key relationships as a strategic risk. In Figure 12, we describe Auckland Council's identification of its inability to achieve Māori outcomes as a top risk.

Figure 12
Auckland Council – achieving Māori outcomes

In May 2020, Auckland Council identified its inability to achieve Māori outcomes because of Covid-19 as a top risk. The Council noted that Covid-19 was expected to have serious and prolonged effects on all vulnerable communities. There was a potential risk that the Council might be unable to meet its responsibilities to Māori, which would have a range of significant impacts and consequences.

Risks have been defined in three related parts as the risk of:

- not delivering on commitments to mana whenua, iwi, mataawaka, and Māori communities and customers;
- not honouring te Tiriti o Waitangi principles and not maintaining the Council's Treaty-based partnerships with Māori; and
- Māori reporting distrust and lack of confidence in the Council.

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6 Improving risk management

6.1   An audit and risk committee chairperson we spoke to said that risk management is a journey, not a destination.

6.2   There are many risk management maturity assessment frameworks available, including the *All-of-Government Enterprise Risk Maturity Assessment Framework*.[13] This covers:

- **Leadership and direction**: governance, culture, and continuous improvement;
- **People and development**: roles and responsibilities, resourcing, skills, and training;
- **Processes and tools**: risk assessment and mitigation, assurance, and risk monitoring and reporting; and
- **Business performance**: strategic risk management, managing risk in partnerships, business resilience, and change and transformation.

6.3   Councils can use the *All-of-Government Enterprise Risk Maturity Assessment Framework* to assess their current maturity and help determine what they need to do to improve maturity.

Approaches to improving risk management maturity are unique to each council

6.4   The four councils we looked at acknowledged they needed to improve their risk management maturity and are doing so.

6.5   Environment Canterbury Regional Council plans to continue further integrating its risk management thinking and processes into its organisational culture and practices. To date, the integration of risk management has been deliberately gradual. Environment Canterbury Regional Council has prioritised working with staff who are more receptive to improving their risk management practices in the first instance.

6.6   In Figure 13, we discuss Waipā District Council's approach to applying a change management lens to improving its risk management maturity.

28   13 For more information about the framework, see digital.govt.nz.

Figure 13

Waipā District Council's approach to applying a change management lens

In 2018, Waipā District Council had external consultants complete a maturity assessment of its risk management framework and supporting processes. This work was part of the Council's internal audit plan. The aim was to identify areas for improvement.

The consultants rated the Council as having "sustainable" risk management. The ratings the consultants used were "weak", "sustainable", "mature", "integrated", and "advanced". The Council intends to move its rating from "sustainable" to "mature" over three years. The rating "mature" is considered best practice for the local government sector.

The consultants recommended that the Council:

- develop a formal risk management strategy and processes for monitoring and reporting key risks;
- consolidate key risks in the strategic risks register and avoid duplication of enterprise-wide risk registers;
- clarify roles and responsibilities of the audit and risk committee and the finance and corporate committee for risk monitoring and oversight; and
- develop more awareness, guidance, and uplift in ownership and capability of frontline staff to enable them to use risk management strategically.

The Council developed a three-year risk strategy that set out initiatives designed to achieve a "mature" rating:

- In Year 1 (2019/20), the Council developed documents that provided the foundation for risk management in the Council.
- In Year 2 (2020/21), the Council focused on organisation-wide awareness building and capability development to carry out risk management, making managing risk more systematic by building the risk management framework into the organisation.
- In Year 3 (2021/22), the Council will re-evaluate the risk strategy.

The Council is implementing this strategy through a risk management improvement programme. It also has a change management plan to support implementing this programme.

Applying a change management lens has been core to the Council's risk management strategy.

The Council carried out a risk and compliance survey in January 2020 to gauge the level of awareness, knowledge, and understanding of business risk and compliance throughout the organisation. The results established a baseline and informed the content of the change management plan.

A key part of the Council's risk management strategy has been setting up a Risk and Compliance Oversight Group, which includes staff from the organisation. This Group supports the implementation of the risk management strategy, champions risk management, provides advice and support to staff, and provides a channel for communications.

To date, the Council has appointed a dedicated business resilience and risk advisor role and an independent chairperson of the audit and risk committee, and it has laid the foundations of its risk management framework.

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Part 6
Improving risk management

6.7   Every council should assess the level of risk management maturity it needs and establish a formal plan to achieving that maturity. Councils should carry out progress reviews to inform progress.

Recommendation 4

We recommend that councils assess their desired level of risk management maturity and prepare a clear plan to achieve this. Regular formal reviews of their risk management practices should be carried out to inform progress and identify areas for improvement.

Aspects of risk management that councils need to improve

6.8   Based on the risk management practices of the four councils we looked at, the results of our survey, and our audit work more generally, we consider that most councils have a basic level of risk management maturity.

6.9   Throughout this report, we have identified key areas that councils should focus on to improve their risk management practices. They are:

- someone in the council being responsible for enabling and driving good risk management practices throughout the organisation;
- assessing the level of risk management maturity they currently have and the level they desire;
- formally documenting the risk management practices they expect staff and elected members to apply;
- integrating risk management into all council activities, particularly strategy-setting and decision-making, with a particular focus on embedding the coverage of risk in reports to elected members;
- improving the training and support provided to staff and elected members on their risk management roles and responsibilities;
- ensuring that their audit and risk committee is clear about its role in gaining assurance over the management of risk;
- regularly reviewing risk management activity to inform progress and areas of improvement; and
- making greater use of quantitative risk analysis or assessments to support relevant decision-making.

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Appendix 1
Survey questions

Question
Does your council have a clearly defined framework for managing risk?
Please explain why your council does not have a defined framework for managing risk.
What is the framework for managing risk based upon?
Does your council have a dedicated risk manager role?
Please briefly explain why your council does not have a dedicated risk manager role.
What role within your council does the dedicated risk manager report to?
How many full time equivalents (FTEs) are there in your council that have risk management as a dedicated component of their role (as specified in their job/role description)?
What is the primary role that your council's Risk and Assurance Committee (or equivalent) plays in relation to risk management?
Please list what your council has identified as its top 5 risks.
If the following: climate change; financial management, and/or; provision of infrastructure; do not feature in your top 5 risks, where do they sit in your council's risk management priorities (please answer as numbers). If you have mentioned any of these 3 issues as your answers to the previous question, please simply re-enter the position(s) they belong to in the top 5 list of risks.
What support, guidance and tools would help your council to improve the maturity of its risk management?

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Appendix 2
Councils that have declared climate emergencies

Council	Date climate emergency declared
Auckland Council	11 June 2019
Bay of Plenty Regional Council	27 June 2019
Central Otago District Council	25 September 2019
Christchurch City Council	23 May 2019
Dunedin City Council	25 June 2019
Environment Canterbury Regional Council	16 May 2019
Greater Wellington Regional Council	21 August 2019
Hawke's Bay Regional Council	26 June 2019
Hutt City Council	27 June 2019
Kāpiti Coast District Council	23 May 2019
Nelson City Council	16 May 2019
Ōpōtiki District Council	5 September 2019
Porirua City Council	26 June 2019
Queenstown-Lakes District Council	27 June 2019
Wellington City Council	20 June 2019
Whangarei District Council	25 July 2019
Whanganui District Council	11 February 2020

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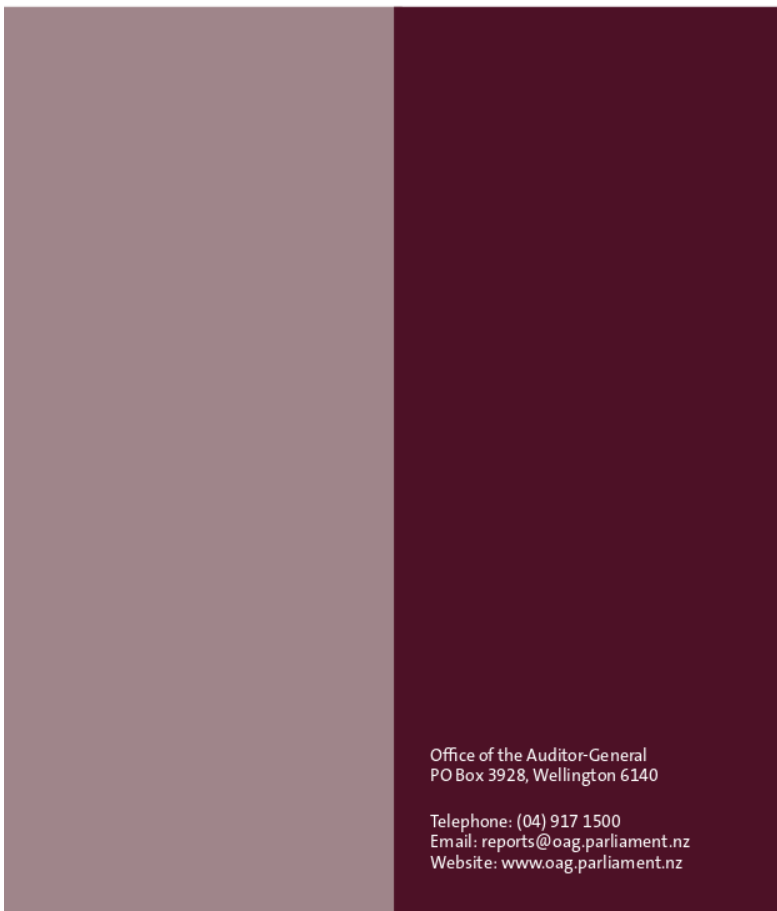
6.2 PEOPLE AND CAPABILITY QUARTERLY UPDATE: 1 JULY - 30 SEPTEMBER 2021

File Number: A3475610

Author: Mia Haywood, People and Capability Data and Systems Specialist

Authoriser: Jill Coyle, Chief People Officer

TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of this report is to present the Audit, Risk and Finance Committee with the quarterly update for People and Capability.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Included in the report is information on:

- Staff Turnover.

- Exit Interviews and Analysis.

- Personal Grievances; and

- Disciplinary Actions and Costs.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report People and Capability Quarterly Update: 1 July - 30 September 2021.

TĀHUHU KŌRERO / BACKGROUND

This report will be presented to the Audit, Risk and Finance Committee on a quarterly basis.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

This report is Information only.

ĀPITIHANGA / ATTACHMENTS

1. **People & Capability - Turnover Report 1 July 2021 30 September 2021 - A3477530** ⇩ 📄

People and Capability Report to Assurance, Risk and Finance Committee
Period 1 July – 30 September 2021

Staff Turnover

During quarter one, there were twelve staff that left Far North District Council. This has resulted in a quarterly turnover rate of 2.97%. This turnover rate is tracking higher compared to last year's quarter one's turnover rate of 2.26%.

Quarter 1 resignations and Turnover %

	July	Aug	Sep	Quarter 1 Total
Resignations	4	4	4	12
Turnover FTE %	0.99%	0.99%	0.99%	2.97%
FNDC 2020/21 Turnover %				14.95%

Legend: Resignations — Turnover FTE % — 2020/21 Turnover
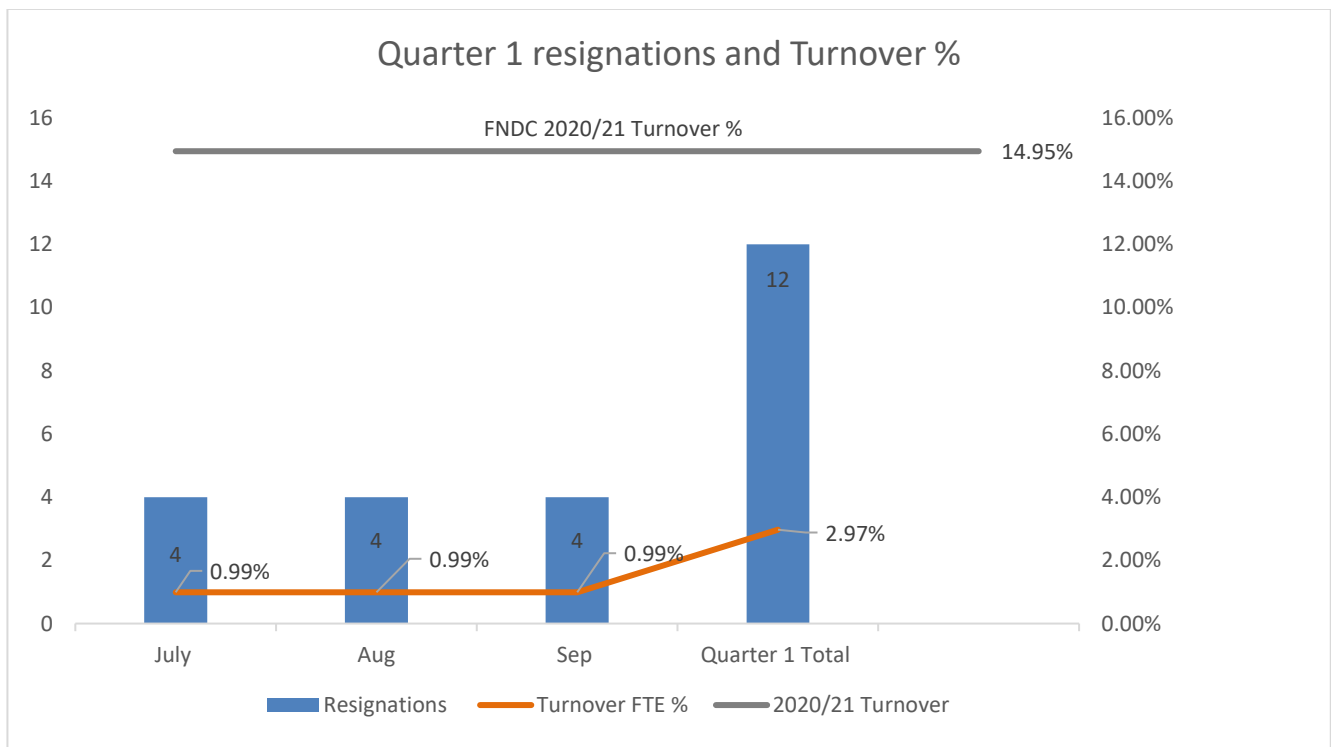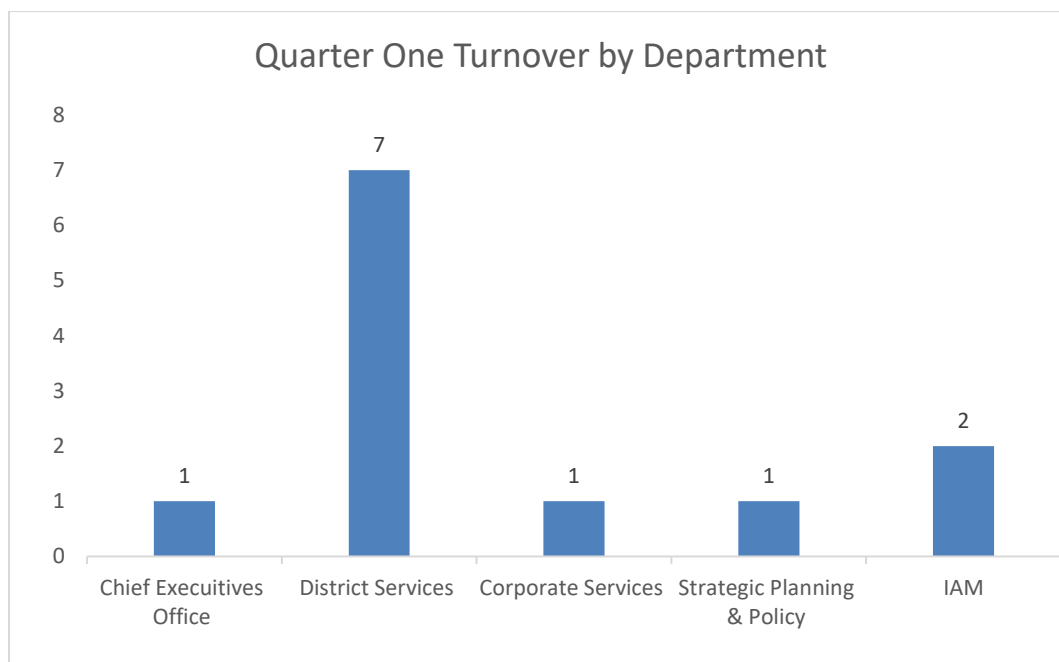
Quarter one has seen seven staff members leave District Services which was made up of two from the Resource Consents Team and four from the Building Services Team and one casual staff member from Libraries. The level of turnover in the Building Services Team and Resource Consents Team reflects the demand for highly skilled individuals in these industries. This is being felt throughout the country, both in Local Government and in the Private Sector.

The Infrastructure and Asset Management Team has seen two staff members resign, one from the Asset Management & Infrastructure Planning team and one from the Northland Transport Alliance.

Corporate Services had one team member from the IT department leave, Strategic Planning & Policy had one staff member from the Te Hono team leave and the Chief Executive Office has had one staff member from the Communications team leave.

Exit Interviews and Analysis

Of the twelve leavers from this period four have completed the exit survey. While this number is still below what we are aiming for, we are actively encouraging departing staff members to complete the Exit Survey.

We had two people leave FNDC this quarter due to family commitments/relocating, one because of salary, benefits, further study and career opportunities and one because they were on a Fixed Term role and have found a Permanent position outside of FNDC.

Three of the four leavers would rate FNDC as an employer of choice. The comment made for the employee who did not rate FNDC as an employer of choice was that we need to improve our internal communications. Other comments mentioned the benefits of remote working, that staff are great to work with and that they are always promoting FNDC as an employer of choice.

The People & Capability Team continue to actively encourage our leavers to complete the Exit Surveys and provide us with their honest feedback.

Which of these factors influenced your decision to leave FNDC?

- Salary — 1
- Benefits — 1
- Family Commitments — 1
- Further Study — 1
- Relocating — 2
- Career Opportunity — 1

Would you recommend FNDC as an employer of choice?

- Yes — 3
- No — 1

What do you like least and most about working at FNDC?

What do you like least about working at FNDC?
What do you like most about owrking at FNDC?
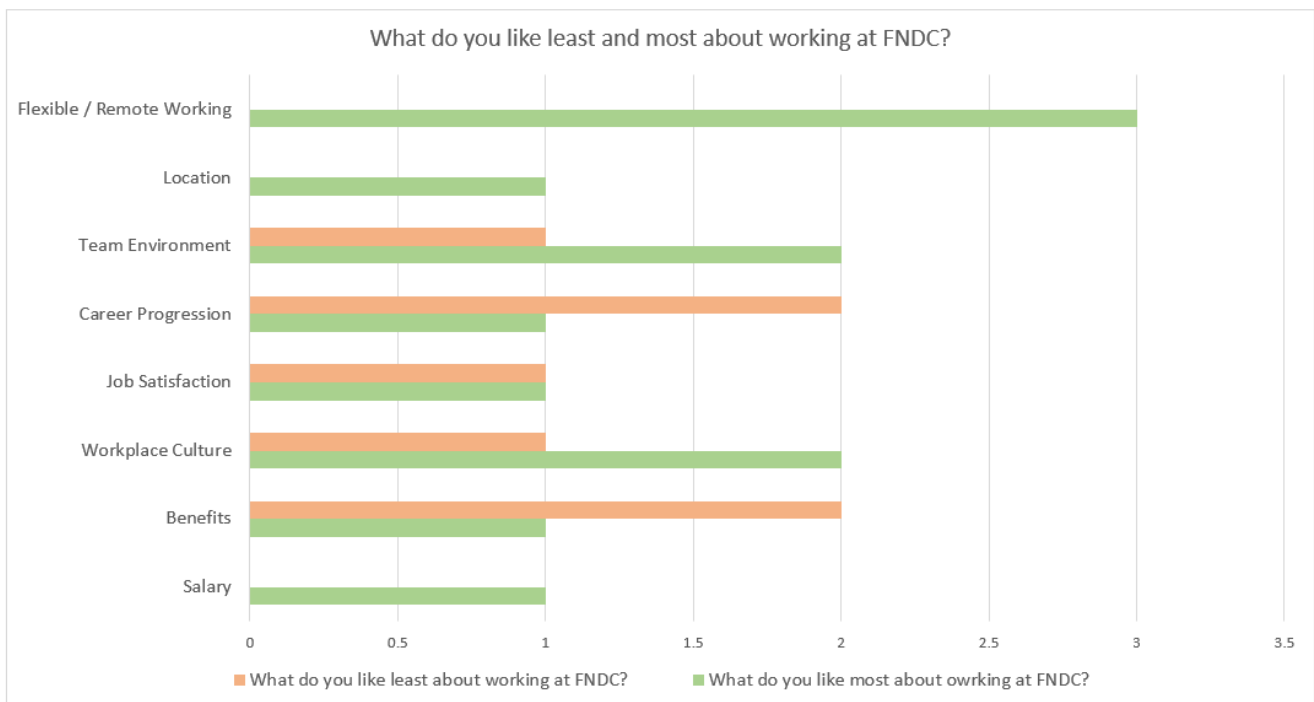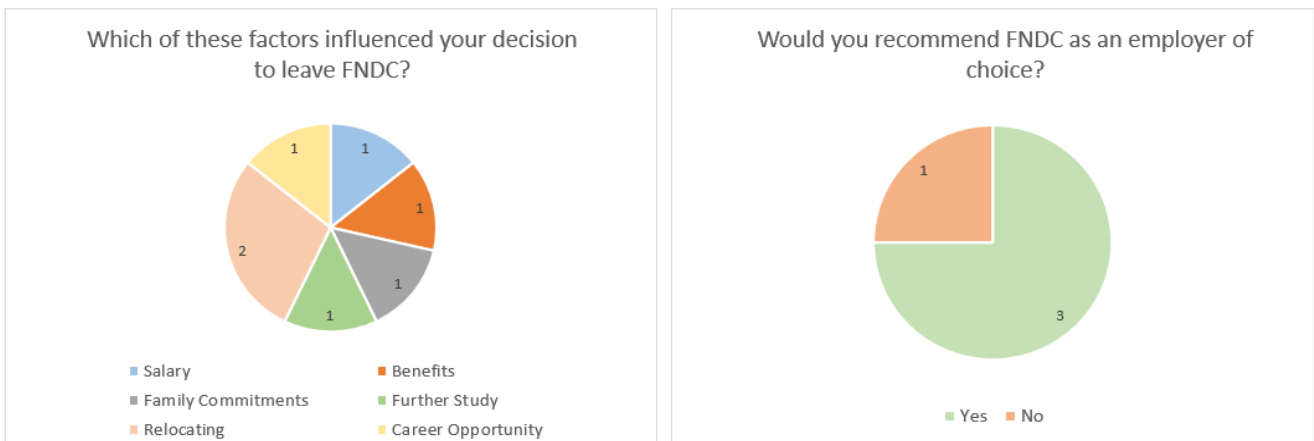
Personal Grievances

There have been no personal grievances this period, however FNDC attended the Employment Relations Authority in August following a grievance lodged at the end of last year. FNDC received notification in October that the Authority determined in our favour on all 8 accounts that were considered. This is an excellent outcome for FNDC and highlights our robust and fair performance management processes that we have in place.

Retention and Recruitment Issues

Quarter one has bought about issues gaining suitable talent resulting in readvertising roles specifically in IT and Resource Consents. It is very evident that we share the nationwide struggle to fill roles.

Disciplinary Actions and Costs

During this period there have been two Performance Improvement (PIP) cases closed off successfully. One PIP case continued into a second period and one PIP case commenced in the last week of September.

6.3 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 OCTOBER 2021

File Number: A3480782

Author: Angie Thomas, Manager - Accounting Services

Authoriser: Janice Smith, Chief Financial Officer

TE TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide an overview and information on the current financial position and performance of the Far North District Council as at 31 October 2021.

TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

This report provides a summary overview, Statement of Financial Performance, Capital Performance and Borrowing and Investment reports.

NGĀ TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 31 October 2021.

TE TĀHUHU KŌRERO / BACKGROUND

This report provides financial information as at 31 October 2021.

TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The report is for information only.

NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or budgetary provisions required as a result of this report.

NGĀ ĀPITIHANGA / ATTACHMENTS

1. Council Financial Report Oct 2021 (Pd4) FINAL - A3483953 ⇩ 📄

Far North District Council

Council Financial Report

for the period ending **31-October-2021**

0

Contents

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Financial Overview

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 31-October-2021.

Financial Position 2021-2022

Legend: Budget YTD, Annual Budget, Actual YTD
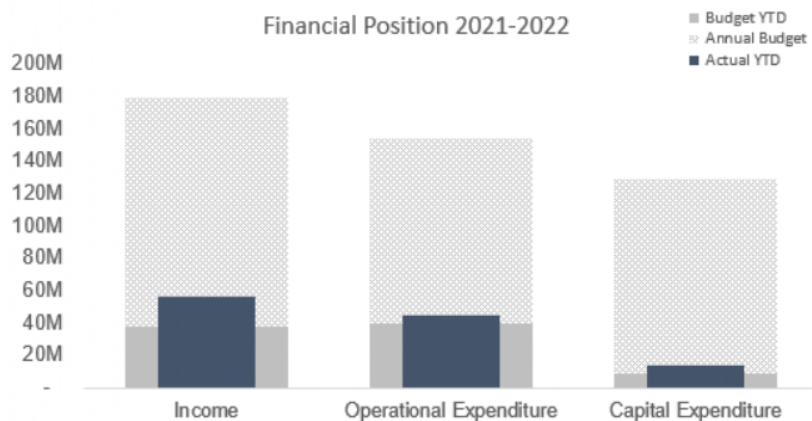
Year to Date   Actual Position as at 31-October-2021

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	56.4M	38.1M	18.3M 🔴	48%
Operational Expenditure	45.3M	40.1M	5.3M 🔴	13%
Net Operating Position	**11.0M**	- 2.0M	**13.0M** 🔴	**-659%**
Capital Expenditure	13.8M	9.6M	4.1M 🔴	43%

Year End   Forecast Position as at 30-June-2022

	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	177.3M	179.5M	- 2.2M 🟢	-1%
Operational Expenditure	154.6M	154.0M	0.6M 🟢	0%
Net Operating Position	**22.7M**	**25.5M**	- 2.8M 🔴	**-11%**
Capital Expenditure	133.5M	129.3M	4.2M 🟢	3%

*In the tables above and throughout this report, variances +/- 5% from budget are indicated as on track / green, anything outside this is red.

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Council Financial Performance – Income

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes general rates and rates penalties.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD		Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
25.1M	6.7M	18.4M	🔴 274%		84.8M	82.6M -	2.2M	🟢 -3%
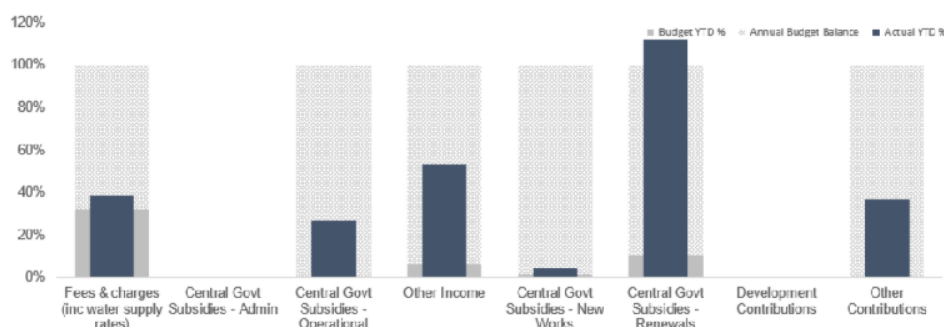
Highlights:

Fees & Charges

- There has been a large number of resource consent applications processed and the team is meeting statutory timeframes. Building consents has had the highest number of consents on average compared to the last six years and the team has maintained their time keeping process for chargeable time.
- Kaitaia and Paihia is slightly over budget in water by meter charges to date due to consumption and change in the water by meter rate from $3.17 to $3.43.

Other Income

- There is $2.3M of unspent Department of Internal Affairs (DIA) grant funding has been brought into this year to complete the 3-Water Reform projects. The DIA funded 50% of the total 3-Water Reform projects budget upfront but a large amount of this was not required in 2020-21. Further claims for funding have been delayed as a result.
- Unspent Provincial Growth Fund (PGF) funds has been brought into this year to complete the final reinstatement costs for Lake Omapere planned for this summer.
- Operational grant received in advance last financial year 2020-21 from the Ministry of Business, Innovation & Employment (MBIE) under the Provincial Growth Fund (PGF) to support capital works for the Ngapipito, Peria, Ruapekapeka road sealing projects.

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Central Govt Subsidies – Operational

- Income has been received from Waka Kotahi (NZTA) for maintaining levels of service across the district. Cashflow forecast will be reviewed following funding approval by Waka Kotahi (NZTA) for the 2021-24 programme in November 2021.
- Income received in advance last financial year 2020-21 from the Ministry of Business, Innovation & Employment (MBIE) under the Tourism Infrastructure Fund (TIF) package for upgrading public toilets at Ramp Rd, Karikari and Waitangi Jetty.

Central Govt Subsidies – New Works

- Income received in advance last financial year 2020-21 from the Ministry of Business, Innovation & Employment (MBIE) for public toilet upgrade and enhancements at Cable Bay carpark, Waitangi Boat Ramp and temporary portable toilets across the district.
- Further funding has been applied for Round 5 of the Tourism Infrastructure Fund (TIF) for Smart Bins and Wi-Fi network lighting initiatives at Russell and Paihia, and construction of public toilets at Lake Manuwai and Te Paki Stream Road Cape Reinga.
- Income received from Waka Kotahi (NZTA) for West Coast Road bridge project, roadside barriers/guardrails, audible tactile profile/road markings, traffic calming improvement works ongoing from last financial year 2020-21 and associated improvements across projects in the district. Construction of footpaths in the BOI-Whangaroa Ward: SH11, Kaipatiki Rd to York Rd is ongoing from last financial year.
- Final subsidy claim received from the Ministry of Business, Innovation & Employment (MBIE) for seal extension at Pungaere Road with a handful of ancillary works items that were outstanding have been addressed.
- Applied Round 5 of the Tourism Infrastructure Fund (TIF) from the Ministry of Business, Innovation & Employment (MBIE) for Bayly Road sealing at Waitangi.

Central Govt Subsidies – Renewals

- Income has been received for renewal projects across the district. Cashflow forecast would be reviewed following funding approval by Waka Kotahi (NZTA) approval for the 2021-24 National Land Transport Programme (NLTP) in November 2021.

Other Contributions

- Unspent Ministry of Business, Innovation & Employment (MBIE) grant funding has been brought into this year to complete the southern animal welfare facility.
- Income received in advance last financial year 2020-21 from the Ministry of Business, Innovation & Employment (MBIE) under the Provincial Growth Fund (PGF) as capital grant received for the Kerikeri Domain, Waipapa Sports Hub and Te Hiku o te Ika projects. These are planned to be spent this financial year.
- There is $1.8M of unspent Department of Internal Affairs (DIA) grant funding that has been brought into this year to complete the 3-Water Reform projects. The DIA funded 50% of the total 3-Water Reform projects budget upfront but a large amount

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of this was not required in 2020-21. Further claims for funding have been delayed as a result.

- Planned Provincial Growth Funds (PGF) capital grant received for road seal projects at Ruapekapeka, Ngapipito and Peria Road.

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Council Financial Performance – Operational Expenditure

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes allocations, interest costs, depreciation and other asset costs and gain/loss on disposal.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
31.6M	26.8M	4.8M	🔴 18%	114.1M	114.8M	0.6M	🟢 1%
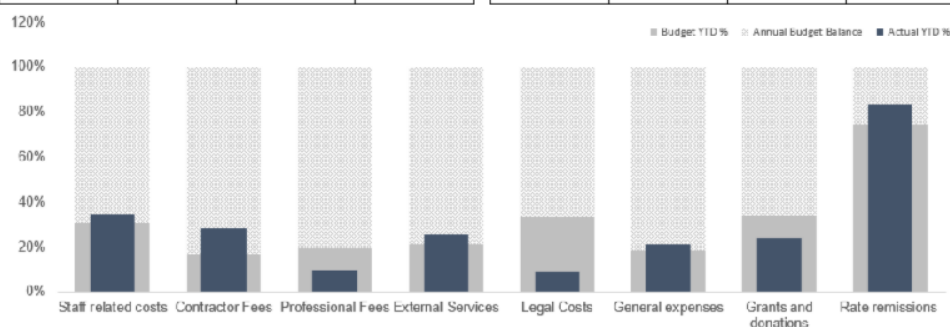
Highlights:

Contractor Fees

- Maintenance and operational expenses incurred across the roading network for sealed & unsealed pavement maintenance, drainage, structures, environmental, traffic services maintenance. Cashflow forecast would be reviewed following funding approval by Waka Kotahi (NZTA) for the 2021-24 programme in November 2021.

Professional Fees

- A number of consultants have not yet been engaged across the organisation.
- Asset condition assessments are behind budget due to the start of the year being committed to planning the three-year program, however, the full budget will be utilised this year.

External Services

- Planned Provincial Growth Fund (PGF) to support enabling works for the road sealing capital projects at Ruapekapeka, Ngapipito and Peria Road.
- Innovating and safer streets project initiatives at Kawakawa and Moerewa in conjunction with Waka Kotahi (NZTA) are ongoing from last financial year 2020-21.
- Construction of the entrance to the Waipapa Sports Hub project from State Highway 10 is currently underway, and health and safety awareness and support works are ongoing for the Te Hiku revitalisation project.

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Rate Remissions

- Rate Remissions are primarily transacted in the first month for the whole year where ongoing remissions have been approved. Additional remissions are received during the year but the timing of these is unpredictable. The unpredictable nature of this activity makes it difficult to set and time budgets accurately. Cashflow forecast is being reviewed.

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Council Financial Performance – Capital Expenditure

These figures are direct from the Statement of Capital Performance.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD		Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
13.8M	9.6M	4.1M	● 43%		129.3M	133.5M	4.2M	● 3%
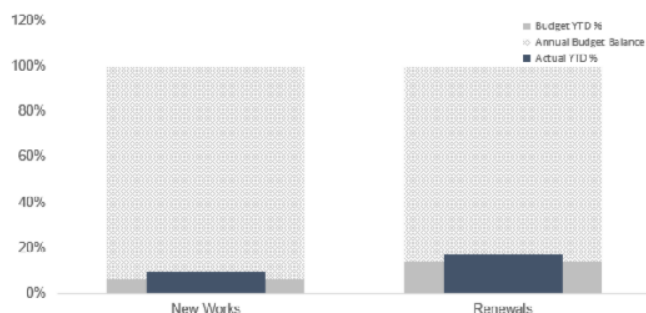
Highlights:

New Works

- The Kaitaia New Source (Sweetwater) project is progressing. 2,000 metres of pipeline has been installed and all platforms have been completed at the bore site 2. $3.4M has been spent to date. There is $196K of Department of Internal Affairs (DIA) funding from the first claim to partially offset this and Council have approved a $4.3M budget reinstatement.
- West Coast Road bridge project, roadside barriers / guardrails, audible tactile profile/road markings, traffic calming improvement works ongoing from last financial year and associated improvements across projects in the district. Cashflow forecast would be reviewed following funding approval by Waka Kotahi (NZTA) for the 2021-24 programme in November 2021.
- Construction of footpaths in the BOI-Whangaroa Ward: SH11, Kaipatiki Rd to York Rd is ongoing from last financial year. Cashflow forecast would be reviewed following funding approval by Waka Kotahi (NZTA) for the 2021-24 programme in November 2021.
- Re-route and relocation works between Taumarere to Opua cycle trail project is ongoing from last financial year.

Renewals

- Renewal works across roading network for unsealed road metaling, sealed road resurfacing, routine drainage, pavement rehabilitation, structures replacement, traffic services and minor safety & improvement works at Powell road slip remedial project. Cashflow forecast would be reviewed following funding approval by Waka Kotahi (NZTA) for the 2021-24 programme in November 2021.

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- Hokianga Harbour Coastal Repairs planned renewals works on steel piles are ongoing at Omapere wharf. Unahi wharf development project is behind schedule due to COVID-19 disruptions as the pile specialists were based in Auckland.

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Unbudgeted Expenditure

These are additional works not included in the original budget for the current year.

Unbudgeted work greater than $100,000 must be approved by Council, anything less than that can be approved by a General Manager with appropriate financial delegation.

Operational
0.1M

Capital
4.5M
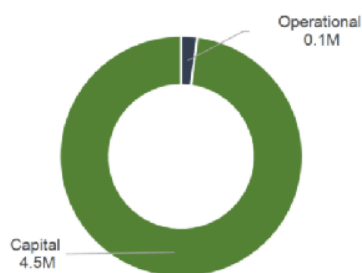
Unbudgeted Expenditure
Expenditure over $100K approved by Council (in grey)

Unbudgeted Operational		Amount
Economic Planning	Professional Fees	50,000
Swimming Pools	External Services	25,032
Swimming Pools	External Services	21,754
Swimming Pools	External Services	3,099
		99,885

Unbudgeted Capital Works		Amount
Kaitaia New Source (Sweetwater) - 3 Waters Reform	**CAPEX New Works Contract Services**	**4,391,629**
HFTE Oxford Street Kaitaia, Planned Renewals(DFP1074)	External Services	60,000
		4,451,629

Unbudgeted Roading		Amount
Kaimaumau Road Traffic Calming - Speed	CAPEX New Works Contract Services	50,000
		50,000

		4,601,514

9

Budget Movements

These are budgets timed in future years, brought forward into the current year (positive values) OR budgets timed in the current year to be moved out to future years (negative values).

Operational
-

Capital
0.3M
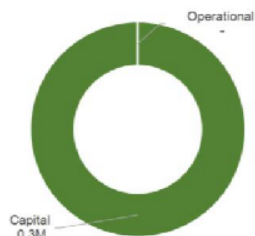
Budget Movements

Project Ledger	Comment	Amount
Kerikeri WTP New Clarifiers - 3 Waters	Tfr Future Budget GM Corporate Approved	400,000
RFID Installation	Professional Fees Savings 2021 Software Licence Fees Savings 2021	53,000
Kerikeri Domain - PGF	Kerikeri Domain Savings towards salary for Principal Advisor Sustainable Procur	41,040
Waipapa Sports Hub - PGF	Waipapa Sports Hub saving towards salary Principal Advisor Sustainable Procure	41,040
Te Hiku o te Ika - PGF	Te Hiku o te Ika - Revitalisaion Project salary for Principal Advisor Sus Procure	41,040
Procter Library Refresh	Procter Library Refresh Renewals from	15,062
Parks & Reserves Western	Western Ward Softfall trf out budget on cost paid last FY on softfall project	-11,904
Parks & Reserves Eastern	Eastern Ward Softfall trf out budget for cost paid last FY on softfall project	-32,033
Kerikeri Domain - PGF	Kerikeri Domain Savings towards salary for Principal Advisor Sustainable Procur	-41,040
Waipapa Sports Hub - PGF	Waipapa Sports Hub saving towards salary Principal Advisor Sustainable Procure	-41,040
Te Hiku o te Ika - PGF	Te Hiku o te Ika - Revitalisaion Project salary for Principal Advisor Sus Procure	-41,040
RFID Installation	Professional Fees Savings 2022 Software Licence Fees Savings 2022	-53,000
Parks & Reserves Northern	Northern Ward Softfall trf out budget on cost paid last FY on softfall project	-64,340
		306,785

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Treasury Report

Cash Position

Compared to same time last year
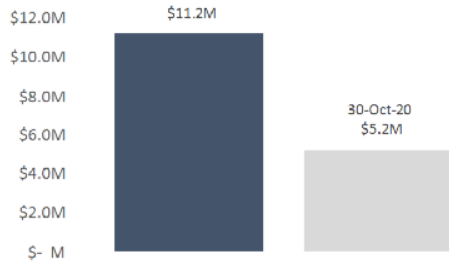
	31-Oct-21		30-Oct-20	
ASB General Fund	$	6.1M	$	0.1M
ASB Special Funds	$	5.1M	$	5.1M
Investments	$	- M	$	- M
Total Cash	**$**	**11.2M**	**$**	**5.2M**

Banking Facility
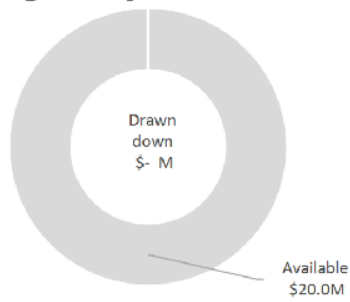
Banking Facility	**$**	**20.0M**
Drawn down	$	- M
Available	$	20.0M

Public Debt

Loans by Maturity Date
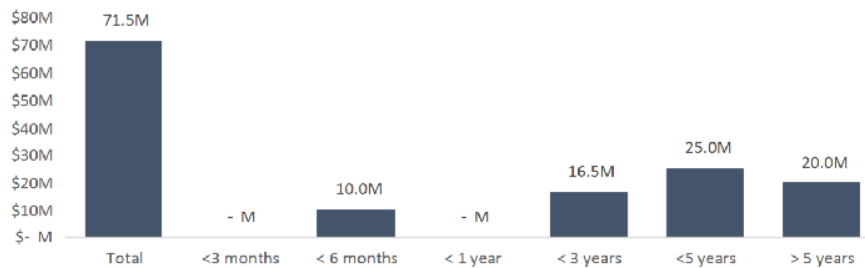
Treasury Compliance

Net Debt as a % of Revenue must be _less_ than 175%
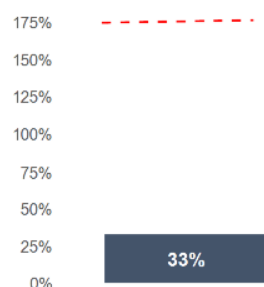
Net Debt	$	60.3M
Budgeted Total income	$	184.9M
Debt Ceiling	$	323.5M
Net debt as % total revenue		33%
Policy Maximum		142%

Liquidity - Access to funds must be _greater_ than 110%
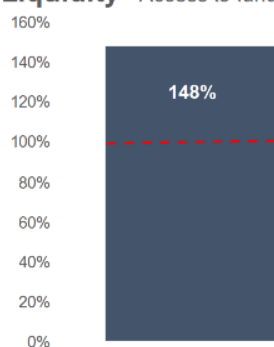
External Debt	$	71.5M
ASB Banking Facility	$	20.0M
ASB Banking Facility used	$	- M
Total Committed Public Debt	**$**	**91.5M**
Liquid Investments Cash at Bank	$	11.2M
Liquid Investments ASB Overdraft Facility	$	3.0M
	$	**105.7M**
Access to Funds		148%
Policy Minimum		110%

Note: Total revenue is based on 2021/22 total forecast income excluding non government capital contributions (eg. developer contributions and vested assets).
Liquidity is defined as external debt + committed loan facilities + liquid investments, including bank overdraft facility, divided by existing external debt.

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Statement of Financial Performance

for the period ending Oct 2021 (Pd4)

	Year To Date ($000's)					Full Year ($000's)				
	YTD Actual	Total Budget YTD	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
Operational Income										
Rates - general (excl water supply rates)	30,948	30,887 -	61	92,675	-	92,675	61,728	33%	92,675	-
Rates - penalties	300	516	216	2,063	-	2,063	1,764	15%	2,063	-
Fees & charges (inc water supply rates)	6,833	5,675 -	1,159	17,590	-	17,590	10,757	39%	17,590	-
Central Govt Subsidies - Admin	-	-	-	-	-	-	-	0%	-	-
Central Govt Subsidies - Operational	4,131	37 -	4,094	14,445	677	15,122	10,991	27%	15,138	16
Other Income	3,918	465 -	3,453	2,244	5,071	7,315	3,396	54%	7,815	500
Capital Income										
Central Govt Subsidies - New Works	994	418 -	576	19,513	2,417	21,930	20,936	5%	21,930	-
Central Govt Subsidies - Renewals	1,213	115 -	1,098	690	394	1,084 -	129	112%	1,084	-
Development Contributions	-	-	-	-	-	-	-	0%	-	-
Other Contributions	8,036	- -	8,036	10,799	10,944	21,744	13,708	37%	19,050 -	2,694
Total Operating Income	**56,373**	**38,112 -**	**18,260**	**160,020**	**19,503**	**179,523**	**123,150**	**31%**	**177,345 -**	**2,178**
Operational Expenditure										
Staff related costs	12,073	10,662 -	1,412	34,476	-	34,476	22,403	35%	34,603	127
Contractor Fees	9,380	5,497 -	3,883	32,873	-	32,873	23,492	29%	32,927	55
Professional Fees	1,199	2,347	1,147	11,930	116	12,047	10,847	10%	9,879 -	2,167
External Services	1,987	1,670 -	317	6,135	1,605	7,740	5,753	26%	8,315	575
Legal Costs	79	291	212	873	-	873	794	9%	872 -	1
General expenses	4,595	3,967 -	628	16,871	4,778	21,649	17,054	21%	23,720	2,071
Grants and donations	586	813	227	2,385	15	2,400	1,814	24%	2,375 -	26
Rate remissions	1,746	1,553 -	193	2,087	-	2,087	342	84%	2,087	-
Allocations (direct and indirect)	-	0	0	0	-	0	0	0%	0	-
Interest costs	465	761	295	2,282	-	2,282	1,817	20%	2,282	-
Sub total	**32,111**	**27,561 -**	**4,550**	**109,913**	**6,515**	**116,428**	**84,317**	**28%**	**117,062**	**634**
Depreciation and other asset costs	13,284	12,523 -	761	37,569	-	37,569	24,285	35%	37,569	-
Gain/Loss on Disposal	- 48	-	48	-	-	-	48	100%	-	-
Total Operational Expenditure	**45,347**	**40,084 -**	**5,263**	**147,483**	**6,515**	**153,997**	**108,650**	**29%**	**154,632**	**634**
Net Operating Surplus	**11,026 -**	**1,972**	**12,998**	**12,537**	**12,989**	**25,526**	**14,500**		**22,713 -**	**2,812**

Statement of Capital Performance

for the period ending Oct 2021 (Pd4)

	Year To Date ($000's)			Full Year ($000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	4,413	4,753	341	62,816	8,606	71,422	67,010	6%	70,807	616
Environmental Management	88	28 -	61	981	327	1,308	1,219	7%	1,308	-
Roading and Footpaths	4,695	- -	4,695	1,700	7,282	8,982	4,288	52%	9,032	50
Wastewater	289	1,711	1,422	13,047	1,926	14,973	14,684	2%	14,972	0
Stormwater	104	- -	104	3,672	311	3,983	3,879	3%	3,983	-
Solid Waste Management	64	139	74	767	155	922	858	7%	807	116
Water Supply	3,649	2,725 -	924	11,573	8,931	20,505	16,855	18%	25,296	4,792
Governance & Strategic Administration	355	157 -	198	3,407	1,942	5,349	4,994	7%	5,229	120
Customer Services	115	134	19	993	906	1,899	1,784	6%	1,967	68
Strategic Planning & Policy	-	-	-	-	-	-	-	100%	120	120
Total Capital Expenditure	**13,772**	**9,647 -**	**4,126**	**98,957**	**30,386**	**129,343**	**116,571**	**11%**	**133,521**	**4,178**

Analysis of Operational Income and Expenditure by LTP Group

Income	Year To Date ($000's)			Full Year ($000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	5,282	545 -	4,737	30,266	5,111	35,377	30,095	-15%	33,241 -	2,136
Environmental Management	3,055	2,130 -	925	5,748	-	5,748	2,693	-53%	5,748	-
Roading and Footpaths	8,220	646 -	7,574	17,820	4,463	22,283	14,063	-37%	22,299	16
Wastewater	872	100 -	772	301	1,483	1,784	912	-49%	1,784	-
Stormwater	620	- -	620	-	1,106	1,106	486	-56%	1,106	-
Solid Waste Management	482	539	57	1,478	-	1,478	996	-33%	1,420 -	58
Water Supply	5,654	2,198 -	3,456	7,017	7,319	14,336	8,682	-39%	14,336	-
Governance & Strategic Administration	744	350 -	394	1,999	21	2,020	1,276	-37%	2,020	-
Customer Services	135	177	41	577	-	577	442	-23%	577	-
Strategic Planning & Policy	61	25 -	36	75	-	75	14	-81%	75	-
Total Operating Income	**25,125**	**6,710 -**	**18,416**	**65,281**	**19,503**	**84,784**	**59,659**	**30%**	**82,606 -**	**2,178**

Operational Expenditure	Year To Date ($000's)			Full Year ($000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	2,685	2,947	262	9,441	372	9,813	7,128	27%	10,423	610
Environmental Management	2,899	3,125	226	9,972	-	9,972	7,073	29%	9,972	-
Roading and Footpaths	7,421	1,333 -	6,088	26,934	578	27,512	20,091	27%	27,512	-
Wastewater	2,153	2,371	218	7,263	2,250	9,514	7,360	23%	9,514	-
Stormwater	645	1,071	426	3,259	1,106	4,366	3,721	15%	4,366	-
Solid Waste Management	1,330	1,443	113	4,348	-	4,348	3,018	31%	4,348	-
Water Supply	2,081	2,011 -	70	6,126	2,188	8,314	6,233	25%	8,314	-
Governance & Strategic Administration	7,953	7,873 -	80	22,445	21	22,466	14,513	35%	22,434 -	32
Customer Services	1,760	1,785	25	5,713	-	5,713	3,953	31%	5,704 -	9
Strategic Planning & Policy	1,640	2,308	668	7,221	-	7,221	5,581	23%	7,286	65
Total Direct Costs	**30,568**	**26,267 -**	**4,301**	**102,724**	**6,515**	**109,239**	**78,671**	**28%**	**109,873**	**634**

Capital Spend Analysis

as at 31-Oct-2021

LTP Group	YTD ($000's)		Full Year ($000's)							
	YTD Actual	Commitments	LTP Budget	Carry Forward Budget	Total Annual Budget	Actual vs Budget %	Total Annual Forecast	Actual vs Forecast %	Forecast vs Budget %	Forecast vs Budget Variance
District Facilities	1,615	3,044	18,730	5,509	24,238	6.7%	24,246	6.7%	100%	7
Wastewater	289	804	13,047	1,926	14,973	1.9%	14,972	1.9%	100%	(0)
Water Supply	223	1,024	6,722	907	7,629	2.9%	7,629	2.9%	100%	0
Stormwater	104	169	3,672	311	3,983	2.6%	3,983	2.6%	100%	0
Solid Waste	64	59	767	155	922	7.0%	807	8.0%	87%	(116)
Project Delivery Team Subtotal	2,296	5,100	42,937	8,808	51,745	4.4%	51,637	4.4%	100%	(108)
Roading & Footpaths	3,013	11,731	1,700	4,177	5,877	51.3%	5,927	50.8%	101%	50
IAM Total	5,310	16,831	44,637	12,985	57,622	9.2%	57,564	9.2%	100%	(58)
Environmental Management	55	7	28	0	28	196.9%	28	196.9%	100%	0
Governance & Strategic Administratio	355	915	3,407	1,942	5,349	6.6%	5,229	6.8%	98%	(120)
Customer Services	115	519	993	906	1,899	6.0%	1,967	5.8%	104%	68
Strategic Planning	0	0	0	0	0	0.0%	120	0.0%	0%	120
Other Total	525	1,441	4,428	2,848	7,276	7.2%	7,344	7.1%	101%	68
Sub Total	5,834	18,272	49,065	15,833	64,898	9.0%	64,908	9.0%	100%	10
DIA Projects										
Water Supply	3,426	9,273	4,852	8,024	12,876	26.6%	17,667	19.4%	137%	4,792
Wastewater	0	0	0	0	0	0.0%	0	0.0%	0%	0
Stormwater	0	0	0	0	0	0.0%	0	0.0%	0%	0
Total DIA Projects	3,426	9,273	4,852	8,024	12,876	26.6%	17,667	19.4%	137%	4,792
ESEO Projects										
District Facilities	2,797	4,796	44,086	3,098	47,184	5.9%	46,561	6.0%	99%	(623)
Environmental Management	34	44	953	327	1,280	2.6%	1,280	2.6%	100%	0
Roading & Footpaths	1,681	4,592	0	3,105	3,105	54.1%	3,105	54.1%	100%	0
Total ESEO Projects	4,512	9,432	45,040	6,529	51,569	8.7%	50,946	8.9%	99%	(623)
Total	13,772	36,977	98,957	30,386	129,343	10.6%	133,521	10.3%	103%	4,178

Comments:

The 'Total Annual Forecast' is what is expected to be spent by 30 June 2022.

The above completion % are based solely on the actual spend to 31 October 2021.

Capital Spend Analysis by %

The picture below indicates the position if the commitments that are still to be completed are included in the calculations.

as at 31-October-2021

LTP Group	Actual + commitments against total forecast budget YTD Actual (%)
District Facilities	19.2%
Wastewater	7.3%
Water Supply	16.3%
Stormwater	6.9%
Solid Waste	15.3%
Project Delivery Team Subtotal	14.3%
Roading & Footpaths	248.8%
IAM Total	38.5%
Environmental Management	223.1%
Governance & Strategic Administratio	24.3%
Customer Services	32.2%
Strategic Planning	0.0%
Other Total	26.8%
Sub Total	37.1%
DIA Projects	
Water Supply	71.9%
Wastewater	0.0%
Stormwater	0.0%
Total DIA Projects	71.9%
ESEO Projects	
District Facilities	16.3%
Environmental Management	6.1%
Roading & Footpaths	202.0%
Total ESEO Projects	27.4%
Total	38.0%

6.4   LEVEL OF SERVICE KPI QUARTER 1 PERFORMANCE REPORT FOR 2021-2022

File Number: A3481087

Author: **Jarna Sherry, Accounting Support Officer**

Authoriser: **William J Taylor MBE, General Manager - Corporate Services**

PURPOSE OF THE REPORT

The purpose of this report is to present the Level of Service KPI Performance Report for the Assurance, Risk and Finance Committee's consideration.

EXECUTIVE SUMMARY

This report is to present the level of service KPI performance report for the Assurance, Risk and Finance committee's consideration.

RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the Level of Service KPI Quarter 1 Performance Report for 2021-2022.

BACKGROUND

An overview of staffing and financial data is included to give an overall picture of the activity groups, and what factors may have an influence on performance.

DISCUSSION AND NEXT STEPS

This report is for information only.

FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or budgetary provision needed as a result of this report.

ATTACHMENTS

1.   **Level of Service Q1 Report 2021_2022 - A3483879** ⬇ 📄

Far North District Council

Quarterly Performance Report:

Quarter 1: July - September 2021

Performance of Service Level Results

Introduction

Welcome to the performance report for the first quarter of 2021/2022.

This report measures the key Long Term Plan KPIs that we report in the Annual Report, along with some internal performance measures.

Service Level KPIs are reported together by activity group, we have also included an overview of staffing and financial data to give an overall picture of the activity groups and what factors may have an influence upon performance.

Roading

To maintain the District's roading network in a satisfactory condition and in accordance with national safety and engineering standards

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD Result
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	30 total 4 fatalities 26 serious injury crashes Actual increase in serious injuries and fatalities is 6	31 total 5 fatal 26 serious injury crashes Actual increase in serious injuries and fatalities is 1	No increase	Fatalities/serious injury crashes 2021/22.	0	0	0	0	0
				Fatalities/serious injury crashes 2020/21.	3	2	2	7	
				Variance	-3	-2	-2	0	
				Q1 Performance Comments:					
				The result of fatalities/serious injury crashes are not recorded immediately due to the nature of the activity. The results are generated at the end of the financial year.					
The average quality of ride on a sealed local road network, measured by smooth travel exposure	94%	94%	≥87%	Quality of ride on a sealed local road network 2021/22	N/A	N/A	N/A	N/A	0.0%
				Quality of ride on a sealed local road network 2020/21	N/A	N/A	N/A	N/A	
					0.0%	0.0%	0.0%	0.0%	
				Q1 Performance Comments:					
				Smooth Travel Exposure (STE) is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined roughness threshold. The results are generated at the end of the financial year.					

				Q1	Q2	Q3	Q4	Status
The percentage of the sealed local road network that is resurfaced	5.70%	8.3%	≥9% of the sealed network resurfaced per annum	Length resurfaced km	0.0	0.0	0.0	No data provided	0.0%
				Total length sealed road network	895.8	895.8	895.8		
				%	0.0%	0.0%	0.0%		
Resurfacing of the roading network as outlined in the Council's roading programme	88.7%	100.2%	≥95% of planned work completed	Length completed work km	0.0	0.0	0.0	No data provided	0.0%
				Total length planned	0.0	0.0	0.0		
				%	0.0%	0.0%	0.0%		
				Q1 Performance Comments:					
				The main construction period is between October/November to March/April.					

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD Result
The percentage of customer service requests relating to roads to which the territorial authority responds within the time frame specified:									
Emergency / Public Safety - within 3 hours	97.4%	98.7%	≥95%	No. responded within timeframe	25	9	33	67	94.4%
				Total incidences	26	12	33	71	
				%	96.2%	75.0%	100.0%	94.4%	
Urgent - within 7 days	91.3%	83.3%		No. responded within timeframe	22	10	8	40	88.9%
				Total incidences	25	11	9	45	
				%	88.0%	90.9%	88.9%	88.9%	
Non-urgent - within 14 days	92.3%	79.4%		No. responded within timeframe	309	180	219	708	83.4%
				Total incidences	363	219	267	849	
				%	85.1%	82.2%	82.0%	83.4%	
				Q1 Performance Comments:					
				The Roading Alliance Team have been very busy with the amout of Request for Service that were logged. There has also been delays in regards to staff being able to do site visits due to the COVID-19 Alert Levels changing in Northland. The Road Alliance team have been encouraged to try to be onsite or to call the customer before the due date.					
The Hokianga Ferry Service will run in accordance with the advertised timetable	99.4%	99.4%	≥95%	No. runs on time	887	890	885	2662	97.72%
				Total scheduled crossings	912	912	900	2724	
				%	97.3%	97.6%	98.3%	97.7%	
				Q1 Performance Comments:					
				We have been able to consistently achieve the KPI target through the 1st quarter due to embedded operational processes and the vessel being considered adequate to meet demand during winter.					

Footpaths

To maintain the District's footpath network and infrastructure to high standards

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	
The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	99.2%	Achieved	>90% in fair or better condition	217,113 condition assessments meet standard	0	0	0	0	0.0%
				218,770 condition assessments undertaken	0	0	0	0	
					0.0%	0.0%	0.0%	0.0%	
				Q1 Performance Comments:					
				No footpath renewals completed during the 1st Quarter.					
Emergency / Public Safety - within 3 hours	N/A	No incidences to report	≥95%	No. responded within timeframe	0	0	0	0	No incidences to report
				Total incidences	0	0	0	0	
				%	0.0%	0.0%	0.0%	0.0%	
Urgent - within 7 days	N/A	No incidences to report		No. responded within timeframe	0	0	0	0	No incidences to report
				Total incidences	0	0	0	0	
				%	0.0%	0.0%	0.0%	0.0%	
Non-urgent - within 14 days	90%	93.6%		No. responded within timeframe	0	0	0	0	No incidences to report
				Total incidences	0	0	0	0	
				%	0.0%	0.0%	0.0%	0.0%	
				Q1 Performance Comments:					
				No Emergency/Public Safety-within 3 hours or within 7 days received. The Roading Alliance Team have been very busy with the amout of RFS' that were logged. There has also been delays in regards to staff being able to do site visits due to the COVID-19 Alert Levels changing in Northland. The Road Alliance team have been encouraged to try to be onsite or to call the customer before the due date.					

Water Supply

To provide reliable and sustainable water supply, ensuring sustainable development and adequate water supply in times of emergency.

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking-water standards (bacteria compliance criteria)	All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water	Kaikohe Compliant Y/N	Y	Y	Y	Y	
				Kerikeri Compliant Y/N	Y	Y	Y	Y	
				Paihia Compliant Y/N	Y	Y	Y	Y	
				Kawakawa Compliant Y/N	Y	Y	Y	Y	
				Kaitaia Compliant Y/N	Y	Y	Y	Y	
				Opononi Compliant Y/N	Y	Y	Y	Y	
				Rawene Compliant Y/N	Y	Y	Y	Y	
The extent to which the local authority's drinking water supply complies with: (b) part 5 of the drinking-water standards (protozoal compliance criteria)	All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water Each scheme to be reported on separately	Kaikohe Compliant Y/N	Y	Y	Y	Y	
				Kerikeri Compliant Y/N	Y	Y	Y	Y	
				Paihia Compliant Y/N	Y	Y	Y	Y	
				Kawakawa Compliant Y/N	Y	Y	Y	Y	
				Kaitaia Compliant Y/N	Y	Y	Y	Y	
				Opononi Compliant Y/N	Y	Y	Y	Y	
				Rawene Compliant Y/N	Y	Y	Y	Y	
The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this)	25%	28%	<26%	Total Nett Metered	2377570	2387432	2406763	7,171,765	27.80%
				Total Nett Production	3276644	3313353	3343161	9,933,158	
				%	27.4%	27.9%	28.0%	27.8%	

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:									
(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	0.95	0.8	< 2 hours	Median attend time	1.5	0.7	0.8	0.8	0.80
(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	2.78	4.1	< 4 hours	Median response time	3.5	3.5	3.5	3.5	3.50
(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	0.3	0.9	< 2 working days	Median attend time	0.9	0.8	0.8	0.8	0.80
(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	0.8	0.9	<3 working days	Median response time	1	0.9	0.9	0.9	0.90
The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (a) drinking water taste (b) drinking water odour (c) drinking water pressure or flow (d) continuity of supply, and (e) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system.	78.11 complaints per 1000	69.55	Less than 100 complaints per 1000	Complaints YTD	7.0	34.0	56.0	56.0	56.00
				Monthly complaints	7.0	27.0	22.0	56.0	
				Number connected properties	10,307	10,307	10,307	10,307	
				Total per 1000 properties	0.68	3.30	5.43	5.4	
The average consumption of drinking water per day per resident within the territorial authority district	310.78L per person per day	274L	≤ 350L per person per day	Volume consumed this month	2,377,570	2,387,432	2,406,763	2,390,588	270.41
				No of residents	24,221	24,221	24,221	24,221	
				Consumption per resident	269.0	270.0	272.0	270.4	
				Q1 Performance Comments:					
				This is an informational indicator only.					

Wastewater

To provide reliable waste water infrastructure, protecting the environment and community

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	2.42 per 1000 connections	2.59	≤ 12 per 1000 connections	Number affected	0	0	0	0	No incidences to report
				Number connected properties	12,002	12,002	12,002	12,002	
				Total per 1000 properties	0.00	0.00	0.00	0.00	

Compliance with the territorial authority's resource consents for discharge from its sewerage system, measured by the number of:

(a) abatement notices	1	2	1 or less	Number of notices	1	1	0	2	2
(b) infringement notices	1	2	0	Number of notices	1	0	0	1	1
(c) enforcement orders	0	0	0	Number of notices	0	0	0	0	0
(d) convictions	0	0	0	Number of notices	0	0	0	0	0
				Q1 Performance Comments:					
				An abatement notice was received in relation to a missing meter for Okahu dam. A new meter was installed and the abatement notice was closed. An abatement notice for outstanding monitoring data at Russell WWTP is still being actioned. There was an infringement notice for a pumpstation overflow at Mill Bay					

Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following MEDIAN response times are measured:

a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	1.1	1.2	≤ 2 hours	Median attend time (hours)	1.38	1.72	1.68	1.68	1.68
				Achieved/Not Achieved:	Achieved	Achieved	Achieved	Achieved	
b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	3.16 hours	3.20 hours	≤ 4 hours	Median response time (hours)	4.42	4.7	3.1	4.42	4.42
				Achieved/Not Achieved:	Not Achieved	Not Achieved	Achieved	Not Achieved	

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %

Where Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following response times are measured:

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
a) attendance	56.00%	64%	≥ 95% responded in ≤ 2 hours	No. attended in 2 or less hours	5	10	8	23	60.53%
				Total incidences	8	18	12	38	
				%	62.5%	55.6%	66.7%	61%	
b) resolution to prevent overflow	41%	78%	≥ 95% responded to in ≤ 4 hours	No. resolved in 4 or less hours	4	8	8	20	52.63%
				Total incidences	8	18	12	38	
				%	50.0%	44.4%	66.7%	53%	
The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system	22.5 per 1000 connections	25.01	≤ 50 per 1000 connections	Number affected	17	26	24	67	5.58
				Number connected properties	12002	12002	12002	12002	
				Total per 1000 properties	1.42	2.17	2.00	5.58	

Stormwater

To enable sustainable development through urban storm water infrastructure, protecting the environment and community

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
The number of flooding events that occur in a territorial authority district	0	1	0	Number of events	0	0	0	0	0
For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's Stormwater system.)	No events	.19 per 1000	0 per 1000	Number affected	0	0	0	0	0
				Number connected properties	15607	15607	15607	15607	0%
				Total per 1000 properties	0.00	0.00	0.00	0%	
				Q1 Performance Comments:					
				There have been no flooding events during Quarter 1.					
(a) abatement notices	0	0	1 or less	Number of notices	0	0	0	0	0
(b) infringement notices	0	0	0	Number of notices	0	0	0	0	0
(c) enforcement orders	0	0	0	Number of notices	0	0	0	0	0
(d) convictions	0	0	0	Number of notices	0	0	0	0	0
The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site	No events	4 hours	≤ 48 hours	Median response time (hours)	0	0	0	0	4 hours
				Q1 Performance Comments:					
				There have been no non-compliance notices or flooding events during Quarter 1.					

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
The number of complaints received by a territorial authority about the performance of its Stormwater system, expressed per 1000 properties connected to the territorial authority's Stormwater system	16.42 RFS per 1000 properties	24.89	0 RFS per 1,000 properties	Number complaints	24	32	19	75	4.81
				Number connected properties	15607	15607	15607	15607	
				Total per 1000 properties	1.54	2.05	1.22	4.81	
				Q1 Performance Comments:					
				For the first quarter of 2021/22 reporting, the processes put in place for stormwater are beginning to work well. Comparitively a high number of requests / complaints have been completed over the months. Further changes to the administrative processes have been identified to allow for more streamlined action of these requests. Also note that despite the wet September, there is an unexpectedly low amount of requests received when compared with August.					

Solid Waste Management

To decrease the proportion of waste sent to landfill and increase the proportion of waste that is sent for recycling, promoting the sustainable management of resources and benefitting future generations

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Percentage by tonnage of waste from refuse transfer station that is recycled/ reused	64.3%	60.5%	63%	Tonnage recycled/reused	865.85	614.91	584.94	2065.7	58.55%
				Total Tonnage	1350.6	1015.99	1161.48	3528.1	
				%	64.1%	60.5%	50.4%	58.6%	
Add at least one new community recycling facility	1	0	Minimum of 1 per year	Number completed	0	0	0	0	0
				Q1 Performance Comments:					
				No new recycling facilities have been opened in Quarter 1. However, there is an agreement in principal with Te Tii Trust to open a community recycling centre in Waitangi. We hope to finalise the details and open the site before the end of Quarter 2.					
All refuse transfer stations to be open on time	99.97%	99.98%	99.5%	No reports or complaints regarding late openings	0	0	1	1	66.72%
				Number of days opened across all sites per month. Summer = 662 days per month Winter = 613 day per month	613	613	613	613	
				%	100.0%	100.0%	0.2%	66.7%	

Attending to RFS relating to illegal dumping

Offensive waste: pick up within 24 hours	100%	100%	95% within set timeframe	No. collected within timeframe	0	0	0	0	No incidences to report
				Total incidences	0	0	0	0	
				%	0.0%	0.0%	0.0%	0.0%	
Standard waste: pick up within 4 days	91.1%	82.1%	95% within set timeframe	No. collected within timeframe	14	30	26	70	82.4%
				Total incidences	14	40	31	85	
				%	100.0%	75.0%	83.9%	82.4%	
				Q1 Performance Comments:					
				Recycling performance has been restricted due to restrictions on recycling during level 3 and level 4 lockdowns.					

District Facilities

Cemeteries

To ensure cemeteries are operated in a way that meets the community's needs

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
All preparations are in place in time for the funeral services to take place (plots dug, and in the right place etc.)	2 complaints received for 19/20	New measure	No more than 1 complaint received regarding our grave digging services	No. complaints received	0	0	0	0	0.0%

Q1 Performance Comments

No complaints received for Quarter 1. An audit carried out in September confirmed contractors are carrying out grave digging services to the required standards as per contract.

Civic and Community Buildings

To provide buildings for public recreation and leisure

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD
All Civic and Community buildings are safe for Community use and meet all statuary legislation levels	All buildings compliant	1	All halls have appropriate certificates including BWOF for those that require them	Number uncertified	1	1	1	3	3

Q1 Performance Comments

Pioneer House - Kaitaia, no current BWOF due to historical issues. Working with Wormald and Building Compliance team to meet statutory legislation.

Housing for the Elderly

To provide housing for the elderly that is affordable, safe, well maintained, and strategically located

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Occupancy of available units	94.1%	91.1%	95%	Occupied Units	130	128	127	385	87.3%
				Total Units	147	147	147	441	
				%	88.4%	87.1%	86.4%	87.3%	
Percentage of faults responded within: Emergency - 12 hours	87.8%	75.7%	100%	No. responded within timeframe	1	2	6	9	100.0%
				Total incidences	1	2	6	9	
				%	100.0%	100.0%	100.0%	100.0%	
Percentage of faults responded within: Urgent - 2 days	58.7%	64.7%	95%	No. responded within timeframe	5	5	13	23	79.3%
				Total incidences	5	8	16	29	
				%	100.0%	62.5%	81.3%	79.3%	
Percentage of faults responded within: Non Urgent - 7 days	81.5%	62.3%	>85%	No. responded within timeframe	6	13	8	27	77.1%
				Total incidences	6	16	13	35	
				%	100.0%	81.3%	61.5%	77.1%	
				Q1 Performance Comments					
				Contractor availability is affecting the ability to turn around vacant units needing work promptly. 3 units in Oxford Street Housing for the Elderly are currently not available to be let due to structural issues, which will be affecting these results. COVID-19 Alert levels in August meant that interviews for units that are ready to be let could not happen and will be rescheduled as soon as possible. Emergency response target was met due to contractor's ability to respond to emergency requests promptly. Corrective & Non urgent request not met for August Sept due to COVID-19 Alert level restrictions.					

Public Toilets

Council will provide well maintained and accessible public toilets in high use areas.

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Increase the number of public toilets with disabled access per annum in line with facility renewal/upgrades	2	0	2	Number completed	0	0	0	0	0
				Q1 Performance Comments					
				None are delivered to date as projects are now with the Project Delivery Team and are yet to commence.					
Ensure that public toilets are maintained to an acceptable standard as per contract	90.9%	97.3%	≥90%	Number of audits met	6	6	12	24	96%
				Total number of audits	7	6	12	25	
					85.7%	100.0%	100.0%	96.0%	
				Q1 Performance Comments					
				July had one failed audit - Contractors were advised and asked to rectify issues. COVID-19 alert level 4 reduced the number of spot audits that Technical Officers could carry out during August and September. Contractors were instructed to carry out extra cleaning services during Alert Level 4. Overall results show toilets are being cleaned to an acceptable standard.					

Customer Services

Council provides the right services, in the right places, to the agreed standard

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Percentage of abandoned calls (Contact Centre)	14.6%	19.2%	12%	Abandoned calls	774	663	669	2,106	11.5%
				Total calls received	6,457	5,532	6,286	18,275	
				Percentage %	12.0%	12.0%	10.6%	11.5%	
				Q1 Performance Comments					
				An excellent start to the new financial year with achieving target for both July and August, particularly due to the frequent and sudden changes adjusting to working at the office and then working from home due to the changing COVID-19 alert levels.					
Percentage of Ask.Us emails processed within 5 working days	100%	99%	>100%	Processed within 5 days	2,297	1,678	1,457	5,432	100%
				Total emails received	2,297	1,678	1,457	5,432	
				Percentage %	100.0%	100.0%	100.0%	100.0%	
Service Centre users' satisfaction	User satisfaction 89%	48.30%	A new measure (1-5)	User satisfaction 2020/21	3.84	3.82	3.90	3.85	3.85
				User satisfaction 2019/20	96.0%	96.0%	96.0%	96.0%	
				Percentage change %	N/A	N/A	N/A	N/A	
				Q1 Performance Comments					
				With a new customer experience programme we are unable to report in the same manner, and currently do not have a previous year comparision. The new programme rates from 1 to 5, with 5 being an excellent service provided.					

i-SITEs

To provide booking and information services through the District's Information Centres, influencing visitors to stay longer and spend more

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Number of visitor bookings through the Information centres will show an increase each year	-14.6%	-18.7%	≥1% increase on previous year	Visitor bookings 2021/22	0	0	0	-	-100.0%
				Visitor bookings 2020/21	3,836	1,439	2,970	8,245	
				Percentage change %	-100.0%	-100.0%	-100.0%	-100.0%	
				Q1 Performance Comments					
				July and September have seen good visitor numbers with August visitor numbers down due to border restrictions during COVID-19 alert levels.					
Increase net profit on retail sales by 1.5% per year (profit increase on previous year)	-0.07%	8.8%	Retail sales net profit ≥1% increase on previous year	Percent net profit 2021/22	47.8%	46.5%	44.6%	46.3%	12.8%
				Percent net profit 2020/21	37.9%	38.3%	24.3%	33.5%	
				Change in percent net profit	9.9%	8.2%	20.3%	12.8%	
				Q1 Performance Comments					
				Retail has been doing well with good local product.					
Customer/Visitor satisfaction	99.30%	-46.2	New measurement - establish a base line	Percent net profit 2021/22	4.44	4.8	5	5	New measurement - establish a base line
				Percent net profit 2020/21	100	100	100	100	
				Percentage change %	-95.6%	-95.2%	-95.0%	-95.3%	
				Q1 Performance Comments					
				Ask Nicely is the new survey and the i-SITEs have achieved over 4 throughout each month.					

Libraries

To provide quality library services for the benefit of all of the community

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Customer/Visitor satisfaction	93.40%	94.70%	A new measure (1-5)	Visitor satisfaction 2020/21	4.41	4.79	3.5	4.23	4.23
				Q1 Performance Comments					
				Low response rate has contributed to variance in satisfaction ratings.					
Increase the percentage of online library service use	25.9%	91.2%	≥1% increase on previous year	Online hits 2020/21	104,533	103,279	94,454	302,266	7.9%
				Online hits 2019/20	95,566	81,085	52,886	229,537	
				Percentage change %	9.4%	27.4%	78.6%	31.7%	
				Q1 Performance Comments					
				There was increased use of digital resources during lockdown. New databases and promotion have contributed to increased use.					
Increase the total library membership relevant to the population of the District	41.60%	40.90%	To maintain / Increase	Membership numbers	29,939	30,126	30,250	30,105	10.9%
				District population	69,300	69,300	69,300	69,300	
				Percentage %	43.2%	43.5%	43.7%	43.4%	
				Q1 Performance Comments					
				Membership continues to grow, with the removal of children's fines and online membership helping this growth.					

Environmental Management

Animal Control

To ensure animal related activities are managed in accordance with legislative requirements

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %

Respond to reported incidents by contacting customer and arranging next steps within the following timeframes:

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Urgent within 2 hours	94.3%	95.4%	≥93%	No. responded within timeframe	59	73	41	173	96.6%
				Total incidences	60	77	42	179	
				%	98.3%	94.8%	97.6%	96.6%	
Non-urgent within 10 days	95.90%	94.60%	≥93%	No. responded within timeframe	433	324	285	1042	95.8%
				Total incidences	455	335	298	1088	
				%	95.2%	96.7%	95.6%	95.8%	
				Q1 Performance Comments					
				Animal Management continue to perform highly in response times. The number of RFS received have remained constant. These months are high in dog registration queries, which ran from 1 July to 1 September. September remains high in queries due to late fees and follow ups.					

Environmental Health

To monitor food premises in accordance with the requirements of the Food Act, 2014.

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Food Control Plan and National Programme audits completed as scheduled	74.6%	92.0%	≥95% of all food control plans and national programs assessed	No. completed as scheduled	22	20	6	48	60.0%
				Total scheduled	22	52	6	80	
				%	100.0%	38.5%	100.0%	60.0%	
				Q1 Performance Comments					
				The 32 cancelled verifications in August were a result of COVID-19 Alert level 4 lock down. MPI issued a directive that verifiers were unable to do verifications during Alert level 4. Also businesses that were not essential were not permitted to be open for trading. There were 15 cancelled verifications in September as a result of COVID-19 Alert level 4. MPI issued a directive that verifiers were unable to do verifications during Alert Level 3 and that only "remote checks" were conducted. In order for a business to meet the criteria of a "remote check" the verification was not their initial verification or had previous non-compliance issues.					

Monitoring and Enforcement

To ensure compliance with Resource Management Act relating to noise pollution

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Respond to noise complaints within the following timeframes:									
In urban areas: 1 hour	74.4%	77.9%	≥95% within set timeframe	No. responded within timeframe	53	35	46	134	77.5%
				Total incidences	67	47	59	173	
				%	79.1%	74.5%	78.0%	77.5%	
In rural areas: 2 hours	85.7%	81.1%	≥95% within set timeframe	No. responded within timeframe	9	2	5	16	94.1%
				Total incidences	9	2	6	17	
				%	100.0%	100.0%	83.3%	94.1%	
				Q1 Performance Comments					
				Noise complaints were not responded to during COVID-19 Alert Level 4					

District Licensing

To license and monitor the sale of liquor in accordance with the Sale and Supply of Alcohol Act, 2012.

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
All licensed premises to be visited for Host Responsibility inspections at least once every four years.	55.2%	100.0%	≥25% of premises visited annually	No. premises visited	30	9	0	39	15.2%
				Total premises	233	233	233	233	
				%	12.9%	3.9%	0.0%	16.7%	
				Q1 Performance Comments					
				Due to COVID-19 alert levels Good host visits were unble to be carried out this quarter. GHV will recommence October 2021.					

Resource Consent Management

To administer and enforce the Resource Management Act 1991.

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Respond to compliance incidents within 10 working days	75%	93%	≥93%	No. responded within timeframe	27	24	24	75	100.0%
				Total incidences	27	24	24	75	
				%	100.0%	100.0%	100.0%	100.0%	
Process applications made under the Resource Management Act 1991 within statutory timeframes	65.5%	90.4%	≥95%	No. processed within timeframe	41	38	30	109	83.8%
				Total applications	48	45	37	130	
				%	85.4%	84.4%	81.1%	83.8%	
				Q1 Performance Comments					
				The team have increased the percentage for consents issued within the statutory time frames. This is a pleasing result as there have been a higher number of consents received compared to Quarter 1 last year.					

Building Consent Management

To comply with current legislative requirements with regards to processing building consent applications

Performance Measure	2019-20 Result	2020-21 Result	2021-22 Target	Measures	Jul-21	Aug-21	Sep-21	Q1 Total Performance	YTD %
Process building consents within statutory timeframes	95.0%	99.4%	≥95%	No. processed within timeframe	147	147	108	402	99.8%
				Total applications	147	147	109	403	
				%	100.0%	100.0%	99.1%	99.8%	
				Q1 Performance Comments					
				Quarter 1 has seen 403 consents processed with only one overdue.					

6.5   ELECTED MEMBERS SENSITIVE EXPENDITURE

File Number: **A3430657**

Author: **Rhonda-May Whiu, Elected Member Administrator**

Authoriser: **William J Taylor MBE, General Manager - Corporate Services**

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide information on all expenses incurred by Elected Members this period that are considered sensitive.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

All Elected Member Sensitive Expenditure incurred from 1 July to 30 September 2021 was $5,430.39.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Elected Members Sensitive Expenditure.

TĀHUHU KŌRERO / BACKGROUND

Formal reporting of all Elected Member expenses is a best practice recommendation from Audit New Zealand. Reimbursement of expenses processed as part of the fortnightly pay claim process are also included in the attached figures. This report reflects the months in which payments were processed and do not necessarily reflect the months when the expenses were incurred. Elected Member Sensitive Expenditure is any council expenditure where there may be a perceived personal benefit to an Elected Member.

Elected Member Sensitive Expenditure for the 2021-2022 financial year:

| 1 July to 30 September 2021 | $5,430.39 |
| Financial Year Total | $5,430.39 |

Correction for Elected Member Sensitive Expenditure for 2020-2021 financial year due to a duplication error. Total 2020-2021 $75,773.25.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

This information will be reported quarterly to the Assurance, Risk and Finance Committee.

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

This report identifies financial expenditure that has occurred from 1 July to 30 September 2021.

ĀPITIHANGA / ATTACHMENTS

1.   **July to Sept 2021 Sensitive Expenditure ARF - A3483557** ⇩ 📄

Elected Member Expenses 1 July to 30 September 2021		
Purpose	Elected Member	Amount (excluding gst)
Te Maruata Hui 1 Night Accommodation	Moko Tepania	$ 189.13
Water New Zealand Conference registration	Kelly Stratford	$ 1,959.13
Flights MTFJ Festival for the Future	Rachel Smith	$ 807.48
Accommodation Rural and Provincial Sector June Meeting	Mayor John Carter	$ 408.22
Reimbursement June 2021 phone account	Mayor John Carter	$ 152.48
Various Parking	Ann Court	$ 14.78
Accommodation Roading Control Forum	Ann Court	$ 182.61
Adapter	Rachel Smith	$ 104.34
Councillor Jacket	Felicity Foy	$ 104.03
Reimbursement July 2021 phone account	Mayor John Carter	$ 95.91
Bus Transfers LGNZ Conference (Due to Cancelled Flight)	Ann Court and John Vujich	$ 128.70
LGNZ Conference Incidentals	Ann Court	$ 113.91
Ferry	Felicity Foy	$ 23.48
Ferry	Frank Owens	$ 11.30
Reimbursement August 2021 phone account	Mayor John Carter	$ 111.24
LGNZ Conference flights CHCH to BOI	Ann Court and John Vujich	$ 1,023.65
Total		$ 5,430.39

6.6   SUSTAINABLE PROCUREMENT UPDATE - DECEMBER 2021

File Number: **A3452628**

Author: **Suzy McCall, Principal Advisor - Sustainable Procurement**

Authoriser: **William J Taylor MBE, General Manager - Corporate Services**

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide an update on progress to date on the implementation of the sustainable procurement framework within FNDC to social, economic, cultural, and environmental goals.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

The Principal Advisor Sustainable Procurement joined Council in June 2021. This information report outlines the action plan, progress to date and the continued steps to embedding sustainable procurement within the Council.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Sustainable Procurement Update - December 2021.

TĀHUHU KŌRERO / BACKGROUND

Far North District Council's commitment to sustainable procurement reflects growing national and international focus on the strategic use of procurement to drive social, economic, cultural and environment outcomes.

Sustainable Procurement is about delivering value beyond the goods and services we buy and is an effective lever for FNDC to make a real difference to our Far North communities.

The potential outcomes include:

- creation of job opportunities by engaging more local businesses
- enabling access to a diverse supplier market
- ensuring reuse and ethical supply of materials
- connecting with impactful businesses such as social enterprises, local and or Maori owned business to address social and economic inequalities.
- Sustainable procurement can also target and improve environmental stewardship or kaitiakitanga across our region.

In December 2020, Council adopted the Sustainable Outcomes Framework with the goal to generate additional social, economic, cultural, and environmental benefits from procurements. On 27 January 2021, a workshop was held with the Infrastructure Planning, Operations and Project Delivery staff to formally launch sustainable procurement.

After a lengthy recruitment process, Suzy McCall joined the Council as Principal Advisor in June 2021, to drive sustainable procurement by embedding skills, practices, and behaviors into this critically important space. Sustainable procurement is still a new field and requires the right relationship management skills to implement, support and continue to develop organisational and supplier capacity to ensure the Council meets its sustainable procurement outcomes for all infrastructure and professional services spend.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Establishing and maintaining strong and trusted working relationships with key Council staff and external suppliers is an ongoing process and is essential to the successful implementation of broader

sustainable outcomes. In the past six months since joining the Council, the Principal Advisor has been engaging with key FNDC staff, working committees and particularly Council suppliers to ensure the Council is starting to achieve sustainable procurement goals.

An action plan has been developed to implement sustainable procurement throughout the Council with three focus areas.

Focus 1 - Identify and baseline supplier sustainability initiatives and achievements – so that we can support the great work already done by suppliers

- Often our suppliers are leading the charge to deliver broader sustainable outcomes. By working directly with key suppliers, we have identified current and future initiatives which already deliver on the sustainable procurement goals in our community e.g.:
    - Improved employment opportunities for skilled and unskilled staff
    - Fulltime employment of graduates, previously unemployed, Maori, more women
    - Ongoing training and upskilling of staff
    - Use of subcontractors to work in local areas to reduce vehicle movements and carbon emissions
    - Volunteering or sponsorship of community groups / sports teams and fundraising events.

Focus 2 – Embed Sustainable Procurement into Council Operations – work is underway to support all staff involved in procurement activities to 'think sustainable outcomes'

- Continue to lift the profile of sustainable procurement within the Council - article in The Weekender published 29 October 2021 'Social procurement paying dividends' is a good example

- Collaborate with key FNDC staff to identify sustainable procurement opportunities using the Sustainable Outcomes Framework.

- Run workshops, whiteboard sessions and procurement training. Since June the Project Management Office has run two full day sessions of Procurement Fundamentals Training completed by 50+ staff involved in procurement.

- Resources are available to staff via a specific Sustainable Procurement page on the Council's TK3 intranet. This includes the Sustainable Outcomes Framework, Suppliers Guide, and Sustainable Outcomes Opportunity Map (analysis tool).

- Tender panel now considers sustainability and weightings for all procurement plans and tenders ranging from 5% to 20%.

- FNDC are the first council to be invited to present to the Local Government Strategic Procurement Group (industry Community of Practice) in August 2021 on Sustainable Procurement and Council's initiatives and successes.

Focus 3 – Supporting the ESEO Infrastructure Team

- Collaborate with, and support David Clamp and his Procurement team to continue to deliver and expand sustainable outcomes on externally funded projects. These projects include:

    - Kerikeri Domain
    - Waipapa Sports Complex
    - Te Hiku Revitalisation

    By regularly attending the working groups for the above projects, additional sustainable outcomes can be identified. These include working with the Asset Managers and Community

Development Team to encourage the reuse/recycling of playground equipment to the Totara North community. This equipment will be available at the end of the Kerikeri Domain project.

- Design and conduct surveys to capture information to understand business operating location (local versus non-local), Maori ownership and employment figures.

A recent survey of twenty-five tier 1,2 and 3 suppliers has the Council very well positioned to regularly meet MBIE funding requirements around Maori business ownership, and reflects our Far North communities and businesses, with other councils expressing envy of our position.

Results from this survey show:

Maori Owned	Total Staff	Women	Youth 15-24	Maori	Apprentices/ Trainees	Prev. Unemployed
11 (44%)	540	111	70	242	87	148

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

The Principal Advisor role is initially being funded for a full two-year period. All other roles involved in delivering sustainable outcomes are already established.

ĀPITIHANGA / ATTACHMENTS

Nil

6.7   ASSURANCE, RISK AND FINANCE COMMITTEE ACTION SHEET UPDATE NOVEMBER 2021

File Number: **A3400608**

Author: **Casey Gannon, Meetings Administrator**

Authoriser: **Aisha Huriwai, Team Leader Democracy Services**

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide the Assurance, Risk and Finance Committee with an overview of outstanding decisions from 1 January 2020.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- Council staff have reintroduced action sheets as a mechanism to communicate progress against decisions/resolutions and confirm when decisions have been implemented.
- The focus of this paper is on Assurance, Risk and Finance Committee decisions.
- Action sheets are also in place for Council and Community Boards.
- There are no outstanding or overdue actions for the Assurance, Risk and Finance Committee.
- All actions for the Assurance, Risk and Finance Committee from 1 January 2020 have been completed.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Action Sheet Update November 2021.

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1) TĀHUHU KŌRERO / BACKGROUND

The Democracy Services Team have been working on a solution to ensure that elected members can receive regular updates on progress against decisions made at meetings, in alignment with a Chief Executive Officer key performance indicator.

Action sheets have been designed as a way to close the loop and communicate with elected members on the decisions made by way of resolution at formal meetings.

Action sheets are not intended to be public information but will provide updates to elected members, who, when appropriate can report back to their communities and constituents.

There are no outstanding or overdue actions for the Assurance, Risk and Finance Committee. All actions for the Assurance, Risk and Finance Committee from 1 January 2020 have been completed.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The outstanding tasks are multi-facet projects that take longer to fully complete.

The Democracy Services staff are working with staff to ensure that the project completion times are updated so that action sheets provided to members differentiate between work outstanding and work in progress.

Take Tūtohunga / Reason for the recommendation

To provide the Assurance, Risk and Finance Committee with an overview of outstanding committee decisions from 1 January 2020.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or need for budgetary provision in receiving this report.

ĀPITIHANGA / ATTACHMENTS

Nil

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7   TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED

RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

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
7.1 - Confirmation of Previous Minutes	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	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
7.2 - Tender Panel Report June - November 2021	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
7.3 - Technology Update Report	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
7.4 - Far North District Council Current Legal Action and Potential Liability Claims as at 15 November 2021	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

8   KARAKIA WHAKAMUTUNGA – CLOSING PRAYER

9   TE KAPINGA HUI / MEETING CLOSE