



**Far North
District Council**



Te Kaunihera o Tai Tokerau ki te Raki

AGENDA


Assurance, Risk and Finance Committee Meeting

Thursday, 23 June 2022

Time: 9:30am
Location: Council Chamber
Memorial Avenue
Kaikohe

Membership:

Cr John Vujcich - Chairperson
Member Bruce Robertson – Deputy Chairperson
Mayor John Carter
Deputy Mayor Ann Court
Cr Mate Radich
Cr Rachel Smith
Cr Kelly Stratford
Cr Moko Tepania
Member Mike Edmonds – Kaikohe-Hokianga Community Board
Member Adele Gardner – Te Hiku Community Board

| | | |
|---|----------------------------|--|
|  | 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. | |
| 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 |

| Name | Responsibility (i.e. Chairperson etc) | Declaration of Interests | Nature of Potential Interest | Member's Proposed Management Plan |
|----------------------------|---------------------------------------|--|--|--|
| | 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. |
| 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 |

| Name | Responsibility (i.e. Chairperson etc) | Declaration of Interests | Nature of Potential Interest | Member's Proposed Management Plan |
|------|--|--|---|---|
| | 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 matters 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 a perceived conflict of interest in Te Rūnanga ā Iwi o Ngāpuhi Council relations | Declare a perceived conflict should there appear to be one |
| | 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 |

| Name | Responsibility (i.e. Chairperson etc) | Declaration of Interests | Nature of Potential Interest | Member's Proposed Management Plan |
|----------------------------------|--|-----------------------------------|--|--|
| | 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 |
| | 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 | Declare a perceived conflict |

| Name | Responsibility (i.e. Chairperson etc) | Declaration of Interests | Nature of Potential Interest | Member's Proposed Management Plan |
|---------------------------------|--|--|--|--|
| | | | Whaingaroa Council relations. | |
| | 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-lwi o Ngāpuhi | As a descendent of Te Rūnanga ā-lwi o Ngāpuhi I could have a perceived conflict of interest in Te Rūnanga ā-lwi 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:
Thursday 23 June 2022 at 9:30am

Te Paeroa Mahi / Order of Business

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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: A3703038

Author: Joshna Panday, Democracy Advisor

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 27 April 2022 as a true and correct record.

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. Assurance, Risk and Finance minutes 27 April 2022 - A3684893 [↓](#) 

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 COUNCIL CHAMBER, MEMORIAL AVENUE, KAIKOHE
ON WEDNESDAY, 27 APRIL 2022 AT 11:15 AM**

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

IN ATTENDANCE: William J Taylor, MBE (General Manager Corporate Services), Andy Finch (General Manager Infrastructure and Asset Management), Dr Dean Myburgh (General Manager District Service), Ajay Kumar (Management Accountant), Jaime Dyhrberg (Chief Transformation & Technology Officer), Tanya Reid (Principal Advisor - Organisational Performance and Transformation), Glenn Rainham (Manager Infrastructure Operations), Margriet Veenstra (Manager Transaction Services), Roger Ackers (Manager Strategy Development), Lisa Huria (Manager ICT Operations & Delivery)

1 KARAKIA TIMATANGA – OPENING PRAYER

Chair John Vujcich commenced the meeting and Cr Kelly Stratford opened with a karakia.

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

2.1 APOLOGY

RESOLUTION 2022/1

Moved: Chairperson John Vujcich

Seconded: Member Adele Gardner

That the apology received from Mayor John Carter (HWTM) be accepted and leave of absence granted.

CARRIED

3 NGĀ TONO KŌRERO / DEPUTATION

There were no deputations.

4 CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

Agenda item 4.1 document number A3667630, pages 12 - 18 refers

RESOLUTION 2022/2

Moved: Chairperson John Vujcich

Seconded: Member Adele Gardner

That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 16 March 2022 as a true and correct record.

CARRIED

5 INFORMATION REPORTS**5.1 APRIL RISK MANAGEMENT REPORT**

Agenda item 5.1 document number A3650572, pages 19 - 44 refers

RESOLUTION 2022/3Moved: Cr Rachel Smith
Seconded: Cr Kelly Stratford**That the Assurance, Risk and Finance Committee receive the report April Risk Management Report.****CARRIED****5.2 REVENUE RECOVERY REPORT 31 MARCH 2022**

Agenda item 5.2 document number A3661007, pages 45 - 50 refers

RESOLUTION 2022/4Moved: Cr Rachel Smith
Seconded: Deputy Mayor Ann Court**That the Assurance, Risk and Finance Committee receive the report Revenue recovery report 31 March 2022.****CARRIED****5.3 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 28 FEBRUARY 2022**

Agenda item 5.3 document number A3662252, pages 51 - 76 refers

RESOLUTION 2022/5Moved: Cr Rachel Smith
Seconded: Member Bruce Robertson**That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 28 February 2022.****CARRIED****5.4 LEVEL OF SERVICE KPI QUARTER 3 PERFORMANCE REPORT FOR 2021-2022**

Agenda item 5.4 document number A3668792, pages 77 - 97 refers

RESOLUTION 2022/6Moved: Cr Rachel Smith
Seconded: Cr Kelly Stratford**That the Assurance, Risk and Finance Committee receive the Level of Service KPI Quarter 3 Performance Report for 2021-2022.****CARRIED**

5.5 AUDIT NZ MANAGEMENT REPORT FOR JUNE 2021

Agenda item 5.5 document number A3672214, pages 98 - 141 refers

RESOLUTION 2022/7

Moved: Cr Rachel Smith
 Seconded: Chairperson John Vujcich

That the Assurance, Risk and Finance Committee receive the report Audit NZ Management Report for June 2021.

CARRIED**5.6 ASSURANCE, RISK AND FINANCE COMMITTEE ACTION SHEET UPDATE FOR APRIL 2022**

Agenda item 5.6 document number A3672062, pages 142 - 143 refers

RESOLUTION 2022/8

Moved: Chairperson John Vujcich
 Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee receive the report Action Sheet Update for April 2022.

CARRIED**6 TE WĀHANGA TŪMATATI / PUBLIC EXCLUDED****RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION 2022/9**

Moved: Chairperson John Vujcich
 Seconded: Cr Moko Tepania

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)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons 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 |

Assurance, Risk and Finance Committee Meeting Minutes - **Unconfirmed**

27 April 2022

| | | |
|--|--|--|
| 6.2 - April 2022 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 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 |
| 6.3 - Technology Update Report | s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information 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 |

CARRIED

CONFIRMATION OF INFORMATION AND DECISIONS TO BE RELEASED IN PUBLIC**RESOLUTION 2022/10**

Moved: Chairperson John Vujcich

Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee confirms the information and decisions contained in the part of the meeting held with public excluded not be restated in public meeting as follows:

- **Item 6.1 Confirmation of Previous Minutes**
- **Item 6.2 April 2022 Audit and Assurance Report**
- **Item 6.3 Technology Update Report**

CARRIED**7 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER**

Cr Moko Tepania closed the meeting with a karakia.

8 TE KAPINGA HUI / MEETING CLOSE**The meeting closed at 2:14pm.**

The minutes of this meeting will be confirmed at the Assurance, Risk and Finance Committee Meeting held on 22 June 2022.

.....
CHAIRPERSON

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5 REPORTS

5.1 APPROVE ADDITION OF RESOURCE CONSENTS RISK TO ORGANISATION TOP RISK DASHBOARD

File Number: A3733521

Author: Tanya Reid, Principal Advisor - Organisational Performance and Transformation

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

TAKE PŪRONGO / PURPOSE OF THE REPORT

To seek approval to include the emerging risk, "Resource Consents", on the Organisational Top Risks Dashboard.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

The Risk Management Policy requires the reporting of:

- emerging, changing and decreasing risks of potential impact to the achievement of Council objectives; and
- to escalate in a timely manner any risk management issues or concerns when they arise.

Since October 2020 District Services have flagged that they have an emerging risk. Despite analysis and treatment of this risk the risk trend is increasing. As a result, this report recommends inclusion of the risk on the Organisational Top Risks Dashboard.

The addition of this emerging risk on to the Organisational Top Risks Dashboard will enable governance focus.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee approves the addition of the Resource Consents" risk onto the Organisational Top Risks Dashboard.

1) TĀHUHU KŌRERO / BACKGROUND

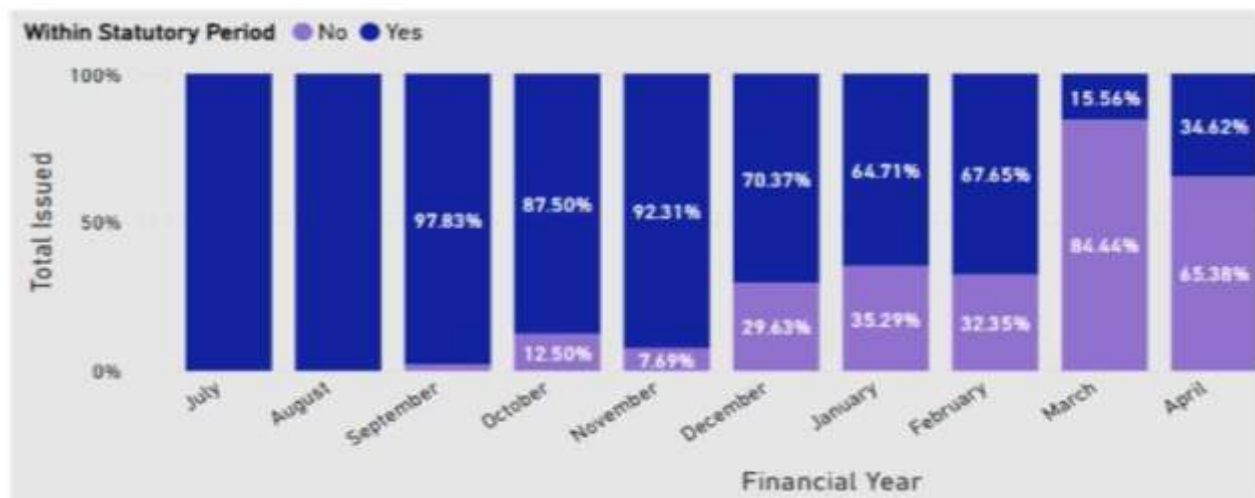
Over the past five years, Council has received an increasing number of applications for resource consents. It is anticipated that the volume of applications received will continue to rise driven by the anticipated release of the Proposed District Plan (PDP), environmental legislative changes, the needs of the critical housing market and the influx of new residents to the Far North.

Applications Received - Monthly



The number of Full Time Equivalent staff (FTEs) in the Resource Consents Team (the Team) has not increased at the same rate that the work has increased. Instead, the Council has increasingly relied on consultant planners and engineers for Business as Usual (BAU) processing to meet statutory time frames.

The high volume coupled with several staff vacancies and limited capacity of planning and engineering consultants; has resulted in Council being unable to allocate applications in a timely manner, and subsequently Resource Consents has been unable to process many applications within statutory timeframes.



The number of unallocated applications (backlog) has been increasing since early December 2021 and there are currently 170 applications lodged but unallocated within Council’s systems, dating back to early March 2022 (as of 30 May 2022).

This is having significant negative effects on the building and construction industry, the social and economic well-being of Far North ratepayers and on the Council’s bottom line.

Since October 2020 District Services have flagged that this is an emerging risk. Despite analysis and treatment of this risk, by District Services (including Vision 20/20, IT systems enhancements) the risk trend is increasing and is impacting on our ability to meet statutory timelines. This risk had been classified as People and Culture (Capability, mindsets, behaviour) but is now considered to be Operational/Financial (Whole of business view of FNDC performance including service/services delivery, risk, finance, environmental) and organisational.

The risk has been scored as high impact and will happen. The risk is recorded on the District Services Risk Register as risk DS016:

Because of Unidentified increase or decrease of requirement for environmental consents, monitoring and licensing, driven by user demand, and new environment due to effects of COVID-19 pandemic, new proposed District Plan and RMA Reform there is a chance that FNDC do not have the flexibility to increase/decrease resources to meet the demand, leading to poor legislative performance and siege mentality. We do not meet our statutory obligations and/or staff loss.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The “Resource Consents” risk has been analysed as an organisational risk in the Operational/Financial category with a score of 41 and a probability of “will happen”. Using the organisational risk and likelihood statements the Environmental Services inherent risk impact score is calculated as follows:

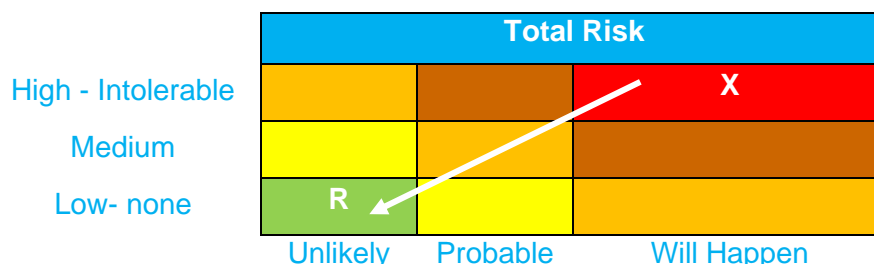
1. Finance category, 9: Impact is high (≥ 0.3% rates increase); likelihood is “will happen” (the risk is likely to occur and there is frequent exposure to this risk)
2. FNDC Customer category, 9: Impact is high (potential loss of essential service and cost to customer); likelihood is “will happen” (the risk is likely to occur and there is frequent exposure to this risk)
3. Reputational category, 9: Impact is high (loss of national trust and confidence, 2-5 years to re-establish); likelihood is “will happen” (the risk is likely to occur and there is frequent exposure to this risk)
4. Compliance / Legal, 7: Impact is medium (we are challenged and found to be non-compliant with fines or penalties <\$500,000); likelihood is “will happen” (the risk is likely to occur and there is frequent exposure to this risk)
5. Health & Safety, 7: Impact is medium (Minor harm and/or isolated recoverable illness); likelihood is “will happen” (the risk is likely to occur and there is frequent exposure to this risk).

Table 1: “Resource Consent” risk inherent risk impact score and desired residual risk score using the organisational risk and likelihood statements:

| | Financial | | | Customer | | | Reputational | | | Compliance/Legal | | | Health and Safety | | |
|--------------------|-----------|----------|-------------|----------|----------|-------------|--------------|----------|-------------|------------------|----------|-------------|-------------------|----------|-------------|
| High - Intolerable | | | X | | | X | | | X | | | | | | |
| Medium | | | R | | | | | | | | | X | | | X |
| Low- none | | | | R | | | R | | | | | R | R | | |
| | Unlikely | Probable | Will Happen | Unlikely | Probable | Will Happen | Unlikely | Probable | Will Happen | Unlikely | Probable | Will Happen | Unlikely | Probable | Will Happen |

The likelihood of the “Resource Consent” risk materialising has been assessed as “will happen.” District Services risk appetite, as assessed by the residual risk score of 13, is to treat this risk to reduce to low impact and unlikely to occur (the risk is unlikely to occur e.g., once in every 10-year event, there is a low exposure to the risk). This is illustrated in the risk heat map in table two.

Table 2: Risk heat map as assessed May 2022 identifying inherent risk profile and expected residual profile.



The Environmental Services team have proposed a delivery plan to resolve the backlog of resource consent applications and to ensure that the Resource Consents Team achieves statutory timeframes under the Resource Management Act 1991. The plan recommends:

1. Short term:
 - a. Attract more staff to current roles
 - b. Pay Market allowance
 - c. Create additional fixed term and permanent roles
 - d. Engage additional consultants
2. Medium term:
 - a. Restructure department
 - b. Analyse financial modelling
 - c. Investigate shared resourcing with Whangarei District Council

Options

Two options are proposed

1. Maintain the status quo with the “Resource Consent” risk on the District Services Group Risk Register
2. Add the “Resource Consent” risk as ARF019 to the Organisational Top Risks Dashboard, with three monthly risk progress reports, to ensure governance and that we address the questions – where are the gaps and what more could we be doing?

Take Tūtohunga / Reason for the recommendation

To ensure governance, at the appropriate level, our recommended option is option two as Resource Consents is an organisational high impact risk.

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

No additional budgetary provision is requested.

ĀPITIHINGA / ATTACHMENTS

Nil

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. | District wide. |
| 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 at this stage. |
| Chief Financial Officer review. | The Chief Financial Officer has reviewed this report. |

6 INFORMATION REPORTS

6.1 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 30 APRIL 2022

File Number: A3731211

Author: Angie Thomas, Manager - Accounting Services

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

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 30 April 2022.

TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- This report provides a summary overview, Statement of Financial Performance, Capital Performance and Borrowing and Investment reports.
- A supplementary addendum regarding the Capital Program has been requested by the Chief Executive. This information is being collated and will be distributed to Elected Members, as a separate attachment, prior to the meeting.

NGĀ TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 30 April 2022.

TE TĀHUHU KŌRERO / BACKGROUND

This report provides financial information as at 30 April 2022.

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 ĀPITI HANGA / ATTACHMENTS

1. Council Financial Report Apr 2022 (Prd10) FINAL - A3733794 [↓](#) 



Far North District Council

Council Financial Report

for the period ending **30-April-2022**

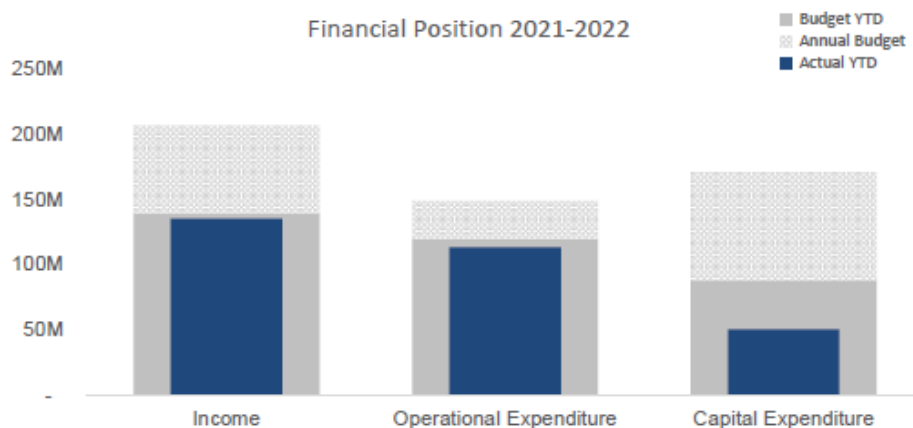
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Financial Overview

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 30-April-2022.



Year to Date

Actual Position as at 30-April-2022

| | Actual YTD | Budget YTD | Variance to Budget YTD | % Variance Actual to Budget YTD |
|-------------------------------|--------------|--------------|------------------------|---------------------------------|
| Total Income | 135.3M | 139.7M | - 4.4M | -3% |
| Operational Expenditure | 113.3M | 120.0M | - 6.7M | -6% |
| Net Operating Position | 22.0M | 19.7M | 2.2M | 11% |
| Capital Expenditure | 50.3M | 88.2M | - 37.9M | -43% |

Year End

Forecast Position as at 30-June-2022

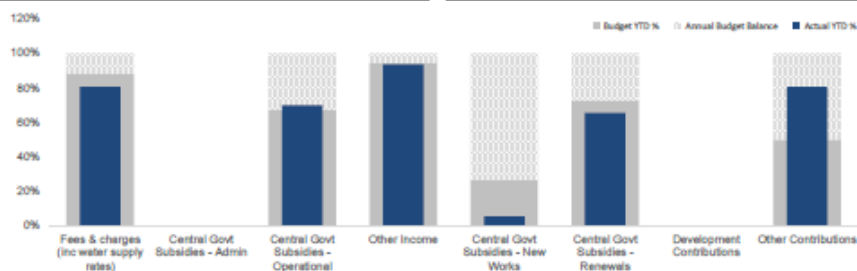
| | Annual Forecast | Annual Budget | Forecast Variance to Budget | % Variance Forecast to Budget YTD |
|-------------------------------|-----------------|---------------|-----------------------------|-----------------------------------|
| Total Income | 185.8M | 206.9M | - 21.1M | -10% |
| Operational Expenditure | 150.4M | 149.1M | 1.3M | 1% |
| Net Operating Position | 35.4M | 57.8M | - 22.4M | -39% |
| Capital Expenditure | 112.7M | 170.9M | - 58.3M | -34% |

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

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 |
|------------|------------|------------------------|--------------------------|---------------|-----------------|-----------------------------|-------------------------------|
| 57.2M | 61.0M | - 3.8M | -6% | 112.2M | 91.1M | - 21.1M | -23% |



Highlights:

Fees & Charges

- Income received from the Hokianga Ferry recorded an unfavourable variance due to periods in the year of Covid-19 impacting on the ability to take fares. Combined with the recent announcement on the Government's reduced public transport fare scheme, Waka Kotahi (NZTA) have confirmed that the shortfall resulting from the 50% public transport fare reductions will be fully funded.
- Income received from refuse transfer stations are higher with increased volumes and extended opening hours during the summer holiday period, however, this is offset by contractor disposal fees.
- There has been a large number of resource consent applications processed and a large number is consistently being received, this has caused a backlog in processing due to team vacancies. As a result, discounts given back to customers are increasing and external consultants are being used to help process the backlog of consents.
- 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. The team is now one of the top-performing teams in New Zealand.
- Information Centres are behind in budget due to Covid-19 restrictions. I-Sites were closed during lockdown and there was a lack of cruise ships and international visitors. Visitor numbers from January to April 2022 are down 40% on average compared with 2021.

Other Income

- Resource Consents other income is under budget, bonds exceeding six years has now been written off under statute barred rules.

- 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.
- Grant funding has been received for the Mayors Taskforce for Jobs which has been set up to create employment opportunities in Kaikohe. The programme is currently supporting the displacement of employees due to Covid-19.
- Income has been received from the Ministry of Social Development for the Cadet programme.

Central Govt Subsidies – Operational

- Income has been received from Waka Kotahi (NZTA) for sealed and unsealed pavement maintenance with pre-reseal repairs being undertaken with the intention of further reseal works on the general roading network in time for the construction period and environmental maintenance with first response repairs being undertaken as a result of the September/October 2021 storm damage.
- Waka Kotahi (NZTA) has approved funding for the September/October 2021 storm damage and is claimed under the emergency event work category. The funding has now been fully used for the first response repairs.
- 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 and Waitangi Jetty.
- TIF funding has been received for the Paihia wastewater and water feasibility study.

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 Powell Road slip remediation, West Coast Road bridge project, roadside barriers/guardrails, audible tactile profile/road markings, traffic calming improvement works, various road-to-zero (safety) projects 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, physical works now complete and awaiting sign off.
- 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 Bayley Road sealing at Waitangi.

Central Govt Subsidies – Renewals

- Works is behind in relation to the July 2020 emergency event with the investigation report having been reviewed and NTA will issue a purchase order in early May to address the storm damage. Works are anticipated to be completed by end of the current financial year.
- Unsealed road metalling is behind schedule as contractors are attending sites for completion in June as metaling of roads is suitable now with lots of moisture in the soil.
- Drainage renewals work on culvert replacements for the South area is ongoing and could carry-over into next financial year.
- Sealed Road Resurfacing and Structures Renewal works are behind schedule with contractor resources prioritised to address storm events and the inclement weather has forced to defer the resealing programme to late May and structural renewals to end of June. However, it is highly likely that the works would carry-over into next season.
- Offset by, income has been received for bridge renewal and rehabilitation sites across the district and ahead of schedule whilst taking advantage of the good weather.

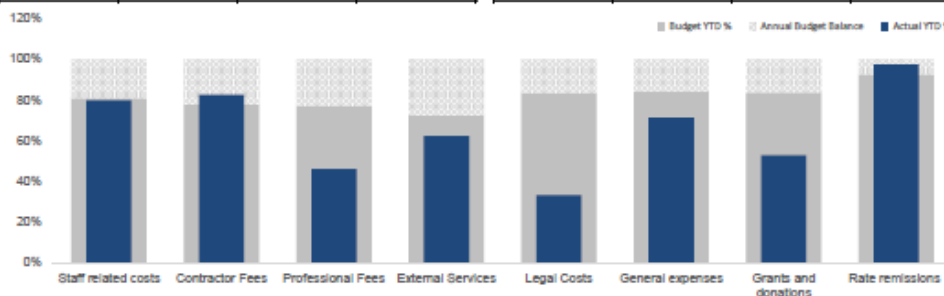
Other Contributions

- 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. Kerikeri Domain project is planned to be spent this financial year, however the Waipapa Sports Hub and Te Hiku projects are expected to carry-over into next financial year.
- The 3-Waters Department of Internal Affairs (DIA) funding is under budget, there are further DIA claims to be made once milestones are reached.
- Planned Provincial Growth Funds (PGF) capital grant received for road seal projects at Ruapekapeka, Ngapipito and Peria Road. Ruapekapeka sealing works will carry-over into next financial year for completion in next summer season.

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 |
|------------|------------|------------------------|--------------------------|---------------|-----------------|-----------------------------|-------------------------------|
| 79.3M | 86.8M | - 7.5M | -9% | 109.2M | 110.5M | 1.3M | 1% |



Highlights:

Contractor Fees

- Pre-reseal repairs being undertaken with the intention of further reseal works on the general roading network intime for the construction period.
- Waka Kotahi (NZTA) has approved funding for the September/October 2021 storm damage and would be claimed under the emergency event work category. The funding has now been fully used for the first response repairs.
- The wastewater variance is attributed to the unbudgeted, increased operational costs for the new Kerikeri Wastewater Treatment Plant; unbudgeted, increased operational costs for Paihia Wastewater Treatment Plan with chemical dosing and above average network pump failures with rag blockages. In addition, some costs have been coded incorrectly and should be Stormwater external services and DIA projects cost. This will be corrected via journals.
- Resource Consents contract professional fees do not have a budget as they are offset by an income recovery account.
- Contract payment for cemeteries, public toilets, parks & reserves, and town maintenance is behind as a reconciliation is being undertaken to correct coding errors.
- Refuse transfer stations recorded an increase in volumes during the summer holiday period together with an increase in revenue. Furthermore, a new contract is in place for Russell landfill at a higher rate.

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) ongoing from last financial year 2020-21 are complete.
- The summer dust suppression program has completed for the current year.

7

- Wastewater is behind budget; the majority of funds will be spent from January to June. The programme is well underway.

Legal Costs

- Legal costs are tracking well except for District Plan, this budget will be drawn upon to support a range of external professional services required to deliver the proposed district plan.

General Expenses

- The District Plan budget is behind in Commissioner's fees, expenses, stationery and public notices – these funds will be used to assist professional fees. Strategic Planning audit fees have not been utilised along with the Economic Planning event promotion budget.
- Libraries are behind budget but have a number of purchase order commitments outstanding, including subscriptions, stationery, software licence fees, cleaning, insurance, power, repairs and maintenance, rates and security.

Grants & Donations

- There is a timing issue with the MN10 Matawii Dam, the funds will be utilised in one payment prior to year-end, this is for the Dam design and development in Kaikohe.
- Annual cycletrail grant has been paid to the Pou Herenga Tai Twin Coast Cycle Trail Trust.
- Community boards fund account received less applications than usual due to Covid-19 restrictions causing uncertainty within our community.

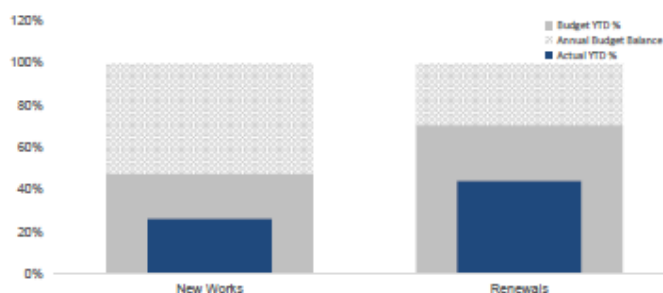
Rate Remissions

- 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.

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 |
|------------|------------|------------------------|--------------------------|---------------|-----------------|-----------------------------|-------------------------------|
| 50.3M | 88.2M | - 37.9M | ● -43% | 170.9M | 112.7M | - 58.3M | ● -52% |



Highlights:

- The capital programme is proving challenging, and works have been either deferred to a future year(s) or behind schedule. With regard to roading, works are behind primarily as a result of the delayed NLTF subsidy announcement and associated budget confirmation impacting the 2021/22 programme commencement and delivery.

New Works

- Wastewater and Water new minor works is under budget, due to the uncertainty of works the budget cannot be accurately timed. The majority of the under spend variance has been moved out to future years at the request of IAM.
- Stormwater budget is primarily for design with construction due to begin in the next financial year.
- Kaitaia New Source (Sweetwater) is behind budget but fully committed. Construction has progressed well with approximately 13,960m of pipe installed by means of directional drilling. Construction is now at 95% complete and the physical construction completion date is scheduled for May.
- Monument Hill Deep Bore project is behind budget but fully committed. The resource consent for groundwater take was granted on 14th March and the detail design for stage 3 has been finalised. Actual construction will start as soon as access is granted from the landowner, conditions and expectations from the landowner are being assessed by Council and communication is ongoing. The estimated completion date is July 2022.
- The Kerikeri WTP Clarifier project is behind budget. A closed tender process is complete, and the contract awarded – expectation is that the DIA funds will be spent prior to June 2022.
- A portion of the water under spend variance has been moved out to future years at the request of IAM.
- The MN10 Matawii Dam project is dependent on a water supply agreement and subscription agreement which is likely to be finalised after March.
- Healthy homes upgrades are in design stage and funds have been reforecast to next financial year.

- Cable Bay carpark project funded by Tourism Infrastructure Fund (TIF) did not commence in early March as expected however funds are committed to complete this financial year.
- Works at Paihia waterfront development entail construction of rock water breaks for a calmer wave environment with design completed. MBIE have agreed to a reduced scope project and is contingent on an additional \$3M funding and works to commence onsite no later than June 2022. In the meantime, the existing budget remains deferred to next financial year and discussion is ongoing on the additional \$3M funding deficit.
- The Council pursuant to its meeting in May 2022 resolved to postpone the land acquisition for establishment of trailer park at Ratcliffes Bay, Whangaroa maritime.
- Construction of Lake Manuwai & Te Pahi Stream public toilets are funded through the Round 5 Tourism Infrastructure Fund (TIF) and is behind schedule due to COVID-19 supply chain disruptions.
- Kerikeri Domain revitalisation project ongoing from last financial year whilst taking advantage of the good weather and on track to complete by end of this financial year.
- Waipapa Sports Hub works on the entrance from SH10 has completed. Project scope has been reviewed and additional budget sourced to deliver 4 sports field with additional carparks, however in the process of planning and consent management. Budget has been deferred to next financial year.
- Powell Road slip remediation, West Coast Road bridge project, roadside barriers/guardrails, traffic calming improvement works and associated improvements across projects ongoing in the district.
- Construction of footpaths in the BOI-Whangaroa Ward: SH11, Kaipatiki Rd to York Rd and Te Hiku Ward footpath loop project ongoing from last financial year, physical works now complete and awaiting sign off.
- Re-route and relocation works between Taumarere to Opuia cycle trail project is ongoing from last financial year and is behind schedule, however, works would carry-over into next financial year.
- Bayley Road sealing project at Waitangi is funded through the round 5 Tourism Infrastructure Fund (TIF) and is unbudgeted.
- The oil separator project at the transfer stations is slightly behind however funds are committed.
- The Southern Animal Shelter tender panel has approved a recommendation to negotiate with the sole tender and this is expected to be undertaken in May. Milestone dates have been amended with MBIE and construction is expected to commence in June.
- Libraries is over budget, funding for the purchase of 69 Broadway, Kaikohe is timed for June.

Renewals

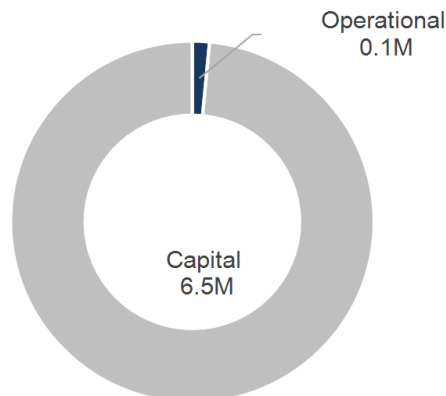
- There is no lease in place at this stage, therefore renewal of the Kaitia airport runway have been deferred to next financial year.
- Opononi hall renewals are behind budget at this stage due to delays in getting a designer and electrical & roofing reports to identify the scale of work required. Works would roll over into next financial year with anticipated completion in Spring. Furthermore, works on the Kohukohu hall have been deferred to next financial year for additional budget.

- Planned renewals works for housing for the elderly sites at Ahipara, Awanui, Kaikohe, Kaitaia, Kawakawa, Kohukohu, Rawene and Waima have been deferred to next financial year.
- Renewal of Opito Bay toilets is in detailed design stage with project now deferred to next financial year.
- Renewal works across the roading network is taking advantage of the construction period for unsealed road metaling. The Northern area is higher than the anticipated due to heavy metal build-up and running course. Sealed road chip seal resurfacing across both the North and South network is complete. The contractors have done extremely well considering the unforeseen resourcing pressure due to Covid-19, unseasonal weather, and back-to-back storm events. There is one comprehensive asphalt site left in the Southern area through the Kerikeri business area which will be completed in May.
- Drainage renewals work on culvert replacements for the South area is ongoing and could carry-over into next financial year.
- Structure renewal works have completed for the scheduled scour protection, 66% of scheduled general bridge repairs completed which has delayed due to contractor personnel contracting Covid-19 and 35% of scheduled works is completed for Kaitaia-Awaroa and Kahikatoa Road culvert replacements projects. All culverts have been installed with backfilling and pavement already in place at Kahikatoa whilst construction has commenced at Kaitaia-Awaroa.
- Bridge renewal works has been delayed at Puhata Road Bridge D50 awaiting to relocate the power pole, however the contractor is fabricating piles and repairing re-used superstructure at their yard with completion standing at 20%. Top Energy has confirmed the pole relocation works would commence in early July 2022 so this project would be delayed to the next financial year.
- On the otherhand, pavement rehabilitation for North area has completed 2318 metres of sealing at Oruru and Pawarenga sites with 50% works completed at Kohukohu road and the other half have been programmed to complete next season. The South area has completed 790 metres of sealing with Kings and Waimatenui roads completed whilst ongoing works at Waikare road is programmed to complete in May, however Ngawha Springs and Kerikeri road has been deferred to next season.
- Hokianga Harbour Coastal Repairs planned renewals works on steel piles are ongoing at the Omapere wharf. Unahi wharf development project is behind schedule due to Covid-19 disruptions as the pile specialists are based in Auckland.
- Wastewater renewals is under budget and this has been moved out to future years at the request of IAM.
- The Water variance relates to work that has been direct awarded to Far North Waters.

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.



Unbudgeted Expenditure as at 30-April-2022

**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 |
| Mayors Taskforce for Jobs | External Services | 250,000 |
| Wi-Fi Network Lighting - Paihia | CAPEX New Works Contract Services | 100,000 |
| Taraire Hills WTP Chlorine Room | CAPEX New Works Contract Services | 96,370 |
| Wi-Fi Network Lighting - Russell | CAPEX New Works Contract Services | 86,306 |
| HFTE Oxford Street Kaitaia, Planned Renewals (DFP1074) | External Services | 60,000 |
| Omapere Freese Park Erosion | Professional Fees | 57,000 |
| Opua Toilets | CAPEX New Works Contract Services | 39,500 |
| Te Hiku o te Ika - PGF | CAPEX New Works Contract Services | 35,338 |
| Te Paki Stream Toilets | External Services | 16,000 |
| Whatuwhiwhi Reactive Renewals | CAPEX Renewal Works Contract Services | 14,395 |

| | | |
|--|---------------------------------------|----------|
| Lake Manuwai Toilet | External Services | 12,000 |
| Cape Reinga Road (Te Paki i-Site) Dump Station | External Services | 12,000 |
| Kaikohe Parks & Reserves | CAPEX New Works Contract Services | 9,332 |
| Russell Reactive Renewals | CAPEX Renewal Works Contract Services | 8,326 |
| District Wide Smart Bins | External Services | 8,000 |
| Rawene Reactive Renewals | CAPEX Renewal Works Contract Services | 5,795 |
| Kaero Library CCTV | CAPEX New Works Contract Services | 5,675 |
| Wi-Fi Network Lighting - Russell | External Services | 5,470 |
| Wi-Fi Network Lighting - Paihia | External Services | 4,659 |
| HFTE Waima, Reactive | CAPEX Renewal Works Contract Services | 1,272 |
| Wi-Fi Network Lighting - Paihia | Grants Operational | -4,659 |
| Wi-Fi Network Lighting - Russell | Grants Operational | -5,470 |
| District Wide Smart Bins | Grants Operational | -8,000 |
| Lake Manuwai Toilet | Grants Operational | -12,000 |
| Cape Reinga Road (Te Paki i-Site) Dump Station | Grants Operational | -12,000 |
| Te Paki Stream Toilets | Grants Operational | -16,000 |
| Te Hiku o te Ika - PGF | Recoveries | -35,338 |
| Wi-Fi Network Lighting - Russell | Subsidy New Works | -43,153 |
| Wi-Fi Network Lighting - Paihia | Subsidy New Works | -50,000 |
| Mayors Taskforce for Jobs | Grants Operational | -250,000 |

4,782,447

| Unbudgeted Rooding | | Amount |
|---|---------------------------------------|---------|
| Fairburn Road Slip RP9668 - EW | CAPEX Renewal Works Contract | 645,000 |
| Kaitaia-Awaroa Road (Herekino Gorge) - EW | CAPEX Renewal Works Contract Services | 416,500 |
| Emergency Event Sep/Oct 2021 | External Services | 294,141 |
| Emergency Event - Cyclone Dovi Feb 2022 | External Services | 263,061 |
| Kaimaumau Road Traffic Calming - Speed | CAPEX New Works Contract Services | 50,000 |
| Powell Road Culvert Extension, Cable Bay | CAPEX New Works Contract Services | 25,000 |
| Fairburn Road Slip RP9668 - EW | Professional Fees PSU Renewals | 15,000 |
| Kaitaia-Awaroa Road (Herekino Gorge) - EW | Professional Fees PSU Renewals | 10,000 |

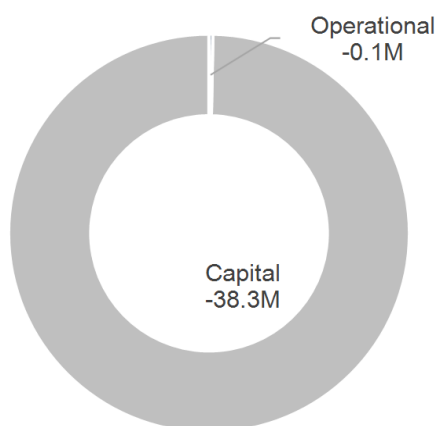
1,718,702

6,601,034

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).

The figures that follow exclude the \$5M Roothing budget adjustment moved out to future years to reflect the lower of FNDC or NZTA budget.



Budget Movements as at 30-April-2022

| General Ledger | Comment | Amount |
|--|--|---------|
| Environmental Health | Planned Opex Reforecast Various | 155,000 |
| Information Centre | Planned Opex Reforecast Various | 60,000 |
| Animal Control | Planned Opex Reforecast Various | 25,000 |
| Te Ahu Information Centre | Planned Opex Reforecast Various | 25,000 |
| Call Centre | Planned Opex Reforecast Various | 23,000 |
| Animal Control | Planned Opex Reforecast Various | 20,000 |
| Information Centre | Planned Opex Reforecast Various | 15,000 |
| Animal Control | Planned Opex Reforecast Various | 12,000 |
| Public Relations | Planned Opex Reforecast Various | 11,384 |
| Information Centre | Planned Opex Reforecast Various | 10,000 |
| Parking Enforcement | Planned Opex Reforecast Various | 5,500 |
| Te Ahu Information Centre | Planned Opex Reforecast Various | 3,000 |
| Animal Control | Planned Opex Reforecast Various | 2,000 |
| Te Ahu Information Centre | Planned Opex Reforecast Various | 1,300 |
| Infrastructure asset management - wastewater | Reforecast Journal OPEX Reforecast BM ledger | -129 |

| | | |
|--|---|-----------------|
| Infrastructure asset management - stormwater | Reforecast Journal OPEX Reforecast BM ledger | -130 |
| Infrastructure asset management - water | Reforecast Journal OPEX Reforecast BM ledger | -279 |
| Infrastructure asset management - facilities | Reforecast Journal OPEX Reforecast BM ledger | -300 |
| Infrastructure asset management - wastewater | Reforecast Journal OPEX Reforecast BM ledger | -300 |
| Community Board Operations | Reforecast Journal OPEX Reforecast BM | -500 |
| Community Board Operations | Reforecast Journal OPEX Reforecast BM | -500 |
| Infrastructure asset management - Monitoring | Reforecast Journal OPEX Reforecast BM | -500 |
| Monitoring | Planned Opex Reforecast Various | -1,000 |
| Infrastructure asset management - water | Reforecast Journal OPEX Reforecast BM ledger | -1,000 |
| Public Relations | Planned Opex Reforecast Various | -1,384 |
| Revenue Recovery | Reforecast savings for Revenue recovery | -1,868 |
| Community Board Operations | Reforecast Journal OPEX Reforecast BM | -2,000 |
| Infrastructure planning | Planned Opex Reforecast Various | -2,083 |
| Animal Control | Planned Opex Reforecast Various | -2,222 |
| Animal Control | Planned Opex Reforecast Various | -3,000 |
| Animal Control | Planned Opex Reforecast Various | -3,000 |
| Animal Control | Planned Opex Reforecast Various | -5,000 |
| Environmental Services Administration | Planned Opex Reforecast Various | -5,000 |
| Transaction Services | Reforecast savings for Transaction Services training budget | -5,223 |
| Animal Control | Planned Opex Reforecast Various | -6,000 |
| Environmental Health | Planned Opex Reforecast Various | -7,000 |
| Public Relations | Planned Opex Reforecast Various | -10,000 |
| Monitoring | Planned Opex Reforecast Various | -10,000 |
| Information Centre | Planned Opex Reforecast Various | -10,000 |
| Information Centre | Planned Opex Reforecast Various | -25,000 |
| Revenue Recovery | Reforecast savings for Revenue recovery | -44,225 |
| Infrastructure & Asset Management Operations | Opex reforecast of professional fees to fund Innovating Street Projects | -67,000 |
| QV Valuations Contract | Reforecast savings for Property Infor | -70,000 |
| Resource Consents Administration | Planned Opex Reforecast Various | -90,000 |
| Monitoring | Planned Opex Reforecast Various | -110,000 |
| | | -116,459 |

| Project Ledger | Comment | Amount |
|--|--|-----------|
| Paihia Maritime | Reforecast Paihia Maritime to FY22/23 | 6,500,000 |
| Lindvart Park PGF Gymnasium | Reforecast Lindvart Park Funding to FY 22/23 | 5,801,195 |
| Waipapa Sports Hub - PGF | Waipapa Sports Hub saving towards salary to | 983,372 |
| Te Hiku o te Ika - PGF | Te Hiku o te Ika - Revitalisation Project to | 884,883 |
| Kerikeri WTP New Clarifiers - 3 Waters | Tfr Future Budget GM Corporate Approved | 400,000 |
| Kerikeri Squash Relocation | Reforecast Kerikeri Squash Relocation to | 221,551 |

| | | |
|--|---|---------|
| Opua-Paihia Walkway Boardwalk | LOS Budget transfer for Opua-Paihia from FY23/24 to FY21/22 | 176,904 |
| Eastern Ward WC341 Footpath NZTA Subsidised | Remove 69% subsidy Footpath programe was not subsidised by NZTA | 172,500 |
| Northern Ward WC341 Footpath - NZTA Subsidised | Remove 69% subsidy Footpath programe was not subsidised by NZTA | 172,500 |
| Western Ward WC341 Footpath - NZTA Subsidised | Remove 69% subsidy Footpath programe was not subsidised by NZTA | 172,500 |
| Hihi WWTP Construction | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | 150,000 |
| Eastern Ward WC341 Footpath NZTA Subsidised | Remove 69% subsidy Footpath programe was not subsidised by NZTA | 147,500 |
| Northern Ward WC341 Footpath - NZTA Subsidised | Remove 69% subsidy Footpath programe was not subsidised by NZTA | 147,500 |
| Western Ward WC341 Footpath - NZTA Subsidised | Remove 69% subsidy Footpath programe was not subsidised by NZTA | 147,500 |
| 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 |
| Paihia PS1 upgrade | Tfr Renewal Budgets Approved by GM | 30,060 |
| Opua-Paihia Walkway Boardwalk | LOS Budget transfer for Opua-Paihia from FY23/24 to FY21/22 | 30,000 |
| Kawakawa Pump Station Upgrades | Tfr Renewal Budgets Approved by GM | 20,336 |
| Okaihau Specified Works | Tfr Future Budgets Approved by W Taylor | 18,460 |
| Procter Library Refresh | Procter Library Refresh Renewals from | 15,062 |
| Kaikohe Library | Planned Reforecast Various Authorisations | 10,000 |
| Whangaroa Pump Station | Tfr Renewal Budgets Approved by GM | 7,935 |
| Air conditioning units | Forecast of Renewals Bud for AC unit in | 4,890 |
| Building Services Fixtures & Fitting Renewals | Forecast additional CCTV cameras and upgrade system -Kaikohe HQ from FY24/25 | 3,110 |
| Kerikeri Water Take Consent | April Capex Reforecast Funding from Prof | 2,083 |
| Opua-Paihia Walkway Boardwalk | LOS Budget transfer for Opua-Paihia from FY23/24 to FY21/22 | 2,000 |
| East Coast PS Leslie Rd | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -2,980 |
| Russell WWTP UV Unit | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -5,131 |
| Okaihau Parks & Reserves | Reforecast Okaihau Parks & Reserves to | -6,113 |
| Omapere Freese Park | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -10,000 |
| Floodgates | Planned Reforecast Various Authorisations | -10,000 |
| HFTE Awanui, Planned Renewals(DFP1077) | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -11,667 |
| East Coast Kotare Drive Stormwater Renewals | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -15,000 |
| Parks & Reserves Eastern | IAM Reforecast - Release Budget Delivery Schedule Update Rakesh | -15,415 |
| Accessible Carparks Eastern | IAM Reforecast - Release Budget Delivery Schedule Update Rakesh | -15,415 |

| | | |
|--|---|---------|
| Parks & Reserves Western | Western Ward Sofffall trf out budget on Parks & Reserves Western - sofftall | -16,146 |
| Te Kao Transfer Station Renewals | IAM Reforecast Out to FY24-25 Delivery Schedule Update Rakesh | -17,005 |
| Russell Resource Consent | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -17,750 |
| Kerikeri WWTP Consent | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -21,883 |
| Taipa Transfer Station Renewals | IAM Reforecast Out to FY24-25 Delivery Schedule Update Rakesh | -22,108 |
| East Coast PS Leslie Rd | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -25,609 |
| Kaeo WWTP Flow Balance Tank UV | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -26,633 |
| Tii Beach Seawall - Paihia | IAM Reforecast Out to FY28-29 Delivery Schedule Update Rakesh | -27,698 |
| Russell Resource Consent | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -32,250 |
| Proposed Dog Park, Kerikeri | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -34,000 |
| Kaitaia Awanui Intake Improvements | Planned Reforecast Various Authorisations | -34,876 |
| Whatuwhiwhi PS | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -35,200 |
| Civil Defence Renewals | Planned Reforecast Various Authorisations | -37,610 |
| Ahipara Pump Station Upgrades | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -38,136 |
| Kohukohu PS | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -38,500 |
| Whangaroa Pump Station | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -38,500 |
| Kerikeri Domain - PGF | Kerikeri Domain Savings towards salary for Principal Advisor Sustainable Procur | -41,040 |
| Kaikohe Memorial hall renewals | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -42,508 |
| Parks & Reserves Eastern | Reinstate budget removed in error - IAMs Parks & Reserves Eastern - sofftall | -43,374 |
| Cemeteries Management | Corp reforecast out to FY22-23 schedule update by Jaime & Jason | -45,000 |
| Hihi Discharge Consent | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -45,000 |
| Kaeo Discharge Consent | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -45,000 |
| Floodgates | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -46,015 |
| Kaikohe Discharge Consent | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -46,699 |
| Digital Mailroom | Corp reforecast - release budget schedule update by Jaime & Jason | -50,000 |
| Moerewa WS Renewals (Pembroke/Massey/Ranfurley/Reed) | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -50,000 |
| RFID Installation | Professional Fees Savings 2022 Software Licence Fees Savings 2022 | -53,000 |

| | | |
|--|---|----------|
| Opononi Pump Stations | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -53,900 |
| Kerikeri Reservoir | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -54,707 |
| HFTE Kawakawa, Planned Renewals(DFP1081) | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -56,667 |
| HFTE Ahipara, Planned Renewals (DFP1076) | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -58,000 |
| Parks & Reserves Northern | Reinstate budget removed in error - IAMs Parks & Reserves Northern - softfall | -58,588 |
| Kaitaia Airport - HFE upgrade | Reforecast Kaitaia Airport - HFE upgrade to | -60,000 |
| Russell WWTP UV Unit | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -62,730 |
| HFTE Kohukohu, Planned Renewals DFP1083) | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -63,333 |
| Kerikeri Maritime | Reforecast Kerikeri Maritime to FY22/23 | -63,462 |
| Kaitaia Parkdale Crescent Stormwater Renewals | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -65,000 |
| External Delivery - Public Facing | Corp reforecast out to FY22-23 schedule update by Jaime & Jason | -70,000 |
| Kaikohe PS | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -71,500 |
| Lonely Valley Road Pump Station Replacement | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -72,000 |
| Cyber Security | Corp reforecast - release budget schedule update by Jaime & Jason | -75,000 |
| HFTE Waima, Planned Renewals DFP1086) | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -76,667 |
| Jaycee Park/Centennial Park | Reforecast Centennial Park to FY24/25 | -81,055 |
| Property Aerial Photography | Reforecast Property Aerial Photography to | -86,016 |
| Lonely Valley Road Pump Station Replacement | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -88,000 |
| Kaitaia Reduction of Wastewater | Planned Reforecast Various Authorisations | -90,000 |
| Kaitaia WWTP Installation of Septage Screening | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -90,000 |
| Araiawa Domain Sports Hub & Fields | CAPEX Reforecast out from FY21/22 to 22/23 | -91,072 |
| Kawakawa Pump Station Upgrades | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -91,300 |
| Contact Centre Improvement | Corp reforecast out to FY22-23 schedule update by Jaime & Jason | -100,000 |
| Robotic Process Automation | Corp reforecast - release budget schedule update by Jaime & Jason | -100,000 |
| Kawakawa Stormwater Improvements | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -100,000 |
| Kaikohe Discharge Consent | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -100,000 |
| Kaitaia Discharge Consent | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -100,000 |
| Kaitaia Discharge Consent | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -100,000 |
| Ahipara WWTP UV Treatment | Planned Reforecast Various Authorisations | -100,000 |

| | | |
|--|---|----------|
| Reservoir Safety Fall Protection Upgrade | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -100,000 |
| Archives Digitisation | Corp reforecast - release budget schedule update by Jaime & Jason | -105,000 |
| Kaitaia WTP Backwash Tank Rebuild | Planned Reforecast Various Authorisations | -105,034 |
| Smart District Action Plan | Reforecast Smart District Action Plan to | -125,000 |
| HFTE Rawene, Planned Renewals (DFP1085) | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -141,667 |
| Russell WWTP Disposal Bores | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -149,142 |
| Water treatment plant relocation of plant and new source, Pa | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -150,000 |
| HFTE Oxford Street Kaitaia, Planned Renewals (DFP1074) | IAM Reforecast Out to FY22-223 Delivery Schedule Update Rakesh | -153,333 |
| Ward Wide Town Beautification / Improvements Eastern | Reforecast Ward Wide Town Eastern to FY22/23 | -156,210 |
| Paihia Bayview Rd Stormwater | Planned Reforecast Various Authorisations | -160,000 |
| Pump Stations East coast | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -163,900 |
| Paihia PS1 upgrade | Planned Reforecast Various Authorisations | -169,098 |
| East Coast Adamson St Stormwater | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -175,000 |
| Kaikohe Septage Screen | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -175,000 |
| East Coast WWTP | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -180,000 |
| Kaitaia WTP Backwash Tank Rebuild | Planned Reforecast Various Authorisations | -186,728 |
| Opito Bay Toilets | Reforecast Opito Bay Toilets to FY22/23 | -192,968 |
| Pump Stations Paihia | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -193,600 |
| Kaikohe - Memorial Park Public Toilet | reinstate budget moved out in error Public Toilet to FY22/23 | -200,097 |
| Moerewa Pembroke St Stormwater Improvements | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -208,763 |
| Fire Flow Upgrades, Skudders Beach | Planned Reforecast Various Authorisations | -208,835 |
| Kaitaia Reduction of Wastewater | Planned Reforecast Various Authorisations | -210,000 |
| District Wide Sludge Management | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -216,205 |
| Russell WWTP Disposal Bores | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -223,713 |
| Kaitaia Airport Facilities | Reforecast Kaitaia Airport to FY23/24 | -232,031 |
| Kaikohe Zonal Monitoring | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -250,000 |
| Mains replacement Paihia | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -277,057 |
| Kawakawa WWTP Aerator Upgrade | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -280,000 |
| Taipa WWTP Upgrade | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -280,000 |
| Kaitaia Airport Runway | Reforecast Kaitaia Airport to FY22/23 | -285,285 |

| | | |
|--|---|------------|
| Wastewater Telemetry | Planned Reforecast Various Authorisations | -295,074 |
| HFTE Omapere, House Renovations | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -300,000 |
| HFTE Puckey Avenue Kaitaia, Planned Renewals(DFP1080) | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -306,667 |
| Kaikohe Memorial hall renewals | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -320,440 |
| Kaikohe Streetscape Upgrade | CAPEX Reforecast out from FY21/22 to 22/23 | -344,200 |
| Programme Flight Plan - PPM | Corp reforecast - release budget schedule update by Jaime & Jason | -350,000 |
| Paihia Mains Baffin Street Stage 1 | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -354,000 |
| Tsunami Warning System | Planned Reforecast Various Authorisations | -400,000 |
| Opononi Treatment Plant Improvements | Planned Reforecast Various Authorisations | -400,000 |
| Kohukohu Hall | Reforecast Kohukohu Hall to FY22/23 | -420,452 |
| HFTE Kaikohe, Planned Renewals (DFP1079) | IAM Reforecast Out to FY22-23 Delivery Schedule Update Rakesh | -433,333 |
| Te Haumi Seawall | Reforecast Te Haumi Seawall to FY22/23 | -470,000 |
| Mangonui Maritime Renewals | Reforecast Mangonui Maritime Renewals to | -500,371 |
| Paihia Pumping Station Emergency | Planned Reforecast Various Authorisations | -532,650 |
| Kerikeri Squash Relocation | Reforecast Kerikeri Squash Relocation to | -538,607 |
| Wastewater Telemetry | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -614,343 |
| Kaikohe Library | Planned Reforecast Various Authorisations | -619,342 |
| Dog Pound Southern | Reforecast Dog Pound Southern to FY22/23 | -700,000 |
| Stormwater Imps Moerewa | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -735,713 |
| Mangonui Board Walk Extension | Reforecast Mangonui Board Walk Extension | -776,000 |
| Kaitaia Commerce Street Stormwater Line | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -1,270,000 |
| Water treatment plant relocation of plant and new source, Pa | Planned Reforecast Various Authorisations | -1,400,000 |
| HFTE Upgrade Programme (DFX0029) | IAM Reforecast Out to FY22-23 & 23-24 Delivery Schedule Update Rakesh | -1,495,688 |
| Te Hiku o te Ika - PGF | Te Hiku o te Ika - Revitalisation Project to | -2,041,040 |
| Hihi WWTP Construction | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -2,500,000 |
| District Sludge Management Equipment | IAM Reforecast Out of FY21-22 Delivery Schedule Update Rakesh | -2,904,543 |
| Waipapa Sports Hub - PGF | Waipapa Sports Hub saving towards salary to | -7,075,797 |
| Lindvart Park PGF Gymnasium | Reforecast Lindvart Park Funding to FY 22/23 | -8,424,915 |
| Paihia Maritime | Reforecast Paihia Maritime to FY22/23 | -9,051,465 |

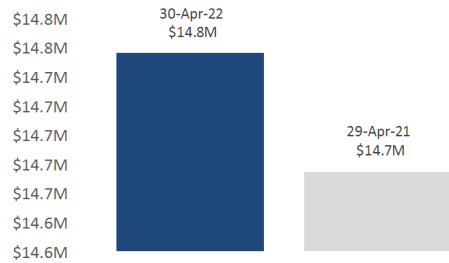
-38,254,683

-38,371,142

Treasury Report

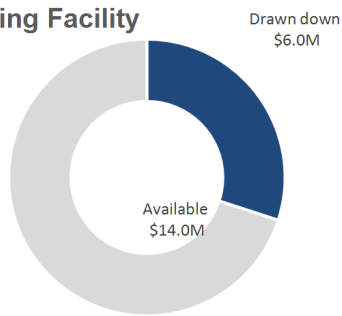
Cash Position

Compared to same time last year



| | 30-Apr-22 | 29-Apr-21 |
|-------------------|-----------------|-----------------|
| ASB General Fund | \$ 9.6M | \$ 9.6M |
| ASB Special Funds | \$ 5.1M | \$ 5.1M |
| Investments | | \$ - M |
| Total Cash | \$ 14.8M | \$ 14.7M |

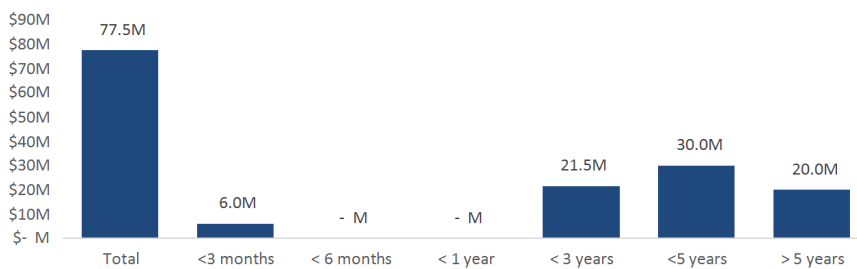
Banking Facility



| | |
|-------------------------|-----------------|
| Banking Facility | \$ 20.0M |
| Drawn down | \$ 6.0M |
| Available | \$ 14.0M |

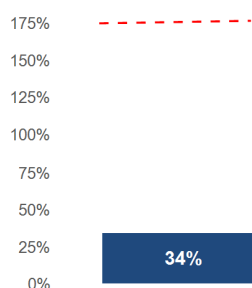
Public Debt

Loans by Maturity Date



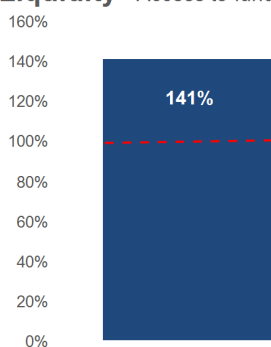
Treasury Compliance

Net Debt as a % of Revenue must be less than 175%



| | |
|-----------------------------|-----------|
| Net Debt | \$ 62.7M |
| Budgeted Total income | \$ 184.9M |
| Debt Ceiling | \$ 323.5M |
| Net debt as % total revenue | 34% |
| Policy Maximum | 141% |

Liquidity - Access to funds must be greater than 110%



| | |
|---|------------------|
| External Debt | \$ 77.5M |
| ASB Banking Facility | \$ 20.0M |
| ASB Banking Facility used | \$ 6.0M |
| Total Committed Public Debt | \$ 91.5M |
| Liquid Investments Cash at Bank | \$ 14.8M |
| Liquid Investments ASB Overdraft Facility | \$ 3.0M |
| | \$ 109.3M |
| Access to Funds | 141% |
| 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.

Statement of Financial Performance

for the period ending Apr 2022 (Pd10)

| | 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) | 77,313 | 77,228 - | 85 | 92,675 | - | 92,675 | 15,362 | 83% | 92,675 | - |
| Rates - penalties | 819 | 1,548 | 729 | 2,063 | - | 2,063 | 1,245 | 40% | 2,063 | - |
| Fees & charges (inc water supply rates) | 14,167 | 15,453 | 1,287 | 17,590 | - | 17,590 | 3,424 | 81% | 17,476 | 115 |
| Central Govt Subsidies - Admin | - | - | - | - | - | - | - | 0% | - | - |
| Central Govt Subsidies - Operational | 10,543 | 10,220 - | 323 | 14,445 | 677 | 15,122 | 4,579 | 70% | 14,912 | 210 |
| Other Income | 6,838 | 6,893 | 55 | 2,244 | 5,071 | 7,315 | 477 | 93% | 8,423 | 1,108 |
| Capital Income | | | | | | | | | | |
| Central Govt Subsidies - New Works | 2,256 | 11,007 | 8,750 | 38,973 | 2,417 | 41,390 | 39,134 | 5% | 12,363 | 29,028 |
| Central Govt Subsidies - Renewals | 5,890 | 6,500 | 610 | 8,602 | 394 | 8,996 | 3,106 | 65% | 11,483 | 2,488 |
| Development Contributions | - | - | - | - | - | - | - | 0% | - | - |
| Other Contributions | 17,490 | 10,899 - | 6,591 | 10,799 | 10,944 | 21,744 | 4,254 | 80% | 26,402 | 4,659 |
| Total Operating Income | 135,316 | 139,747 | 4,431 | 187,392 | 19,503 | 206,895 | 71,579 | 65% | 185,797 | 21,098 |
| Operational Expenditure | | | | | | | | | | |
| Staff related costs | 27,535 | 27,886 | 351 | 34,476 | - | 34,476 | 6,941 | 80% | 34,696 | 220 |
| Contractor Fees | 27,055 | 25,531 - | 1,524 | 32,813 | - | 32,813 | 5,758 | 82% | 32,493 | 320 |
| Professional Fees | 7,687 | 12,875 | 5,188 | 11,990 | 4,744 | 16,735 | 9,047 | 46% | 16,556 | 179 |
| External Services | 4,813 | 5,610 | 797 | 6,135 | 1,605 | 7,740 | 2,927 | 62% | 9,128 | 1,388 |
| Legal Costs | 288 | 728 | 439 | 873 | - | 873 | 585 | 33% | 746 | 127 |
| General expenses | 8,629 | 10,216 | 1,587 | 11,965 | 150 | 12,115 | 3,485 | 71% | 12,427 | 312 |
| Grants and donations | 1,265 | 2,009 | 744 | 2,385 | 15 | 2,400 | 1,136 | 53% | 2,375 | 26 |
| Rate remissions | 2,032 | 1,936 - | 96 | 2,087 | - | 2,087 | 55 | 97% | 2,087 | - |
| Allocations (direct and indirect) | - | 1 | 1 | 0 | - | 0 | 0 | 0% | 0 | - |
| Interest costs | 1,976 | 1,902 - | 75 | 2,282 | - | 2,282 | 306 | 87% | 2,282 | - |
| Sub total | 81,281 | 88,693 | 7,412 | 105,007 | 6,515 | 111,521 | 30,240 | 73% | 112,790 | 1,268 |
| Depreciation and other asset costs | 30,737 | 31,308 | 571 | 37,569 | - | 37,569 | 6,832 | 82% | 37,569 | - |
| Gain/Loss on Disposal | 1,312 | - | 1,312 | - | - | - | 1,312 | 100% | - | - |
| Total Operational Expenditure | 113,330 | 120,001 | 6,671 | 142,576 | 6,515 | 149,091 | 35,761 | 76% | 150,359 | 1,268 |
| Net Operating Surplus | 21,986 | 19,746 | 2,240 | 44,816 | 12,989 | 57,804 | 35,818 | | 35,438 | 22,366 |

Statement of Capital Performance

for the period ending Apr 2022 (Pd10)

| | 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 | 13,593 | 29,077 | 15,484 | 62,816 | 8,606 | 71,422 | 57,829 | 19% | 36,450 | 34,972 |
| Environmental Management | 141 | 1,058 | 917 | 981 | 327 | 1,308 | 1,167 | 11% | 608 | 700 |
| Roading and Footpaths | 21,419 | 23,435 | 2,016 | 43,276 | 7,282 | 50,558 | 29,140 | 42% | 41,840 | 8,718 |
| Wastewater | 1,287 | 10,970 | 9,684 | 13,047 | 1,926 | 14,973 | 13,686 | 9% | 4,283 | 10,689 |
| Stormwater | 194 | 747 | 554 | 3,672 | 311 | 3,983 | 3,789 | 5% | 1,197 | 2,785 |
| Solid Waste Management | 113 | 530 | 417 | 767 | 155 | 922 | 810 | 12% | 768 | 155 |
| Water Supply | 11,111 | 19,618 | 8,507 | 11,573 | 8,931 | 20,505 | 9,394 | 54% | 21,842 | 1,337 |
| Governance & Strategic Administration | 1,318 | 2,107 | 789 | 3,407 | 1,942 | 5,349 | 4,031 | 25% | 4,131 | 1,218 |
| Customer Services | 1,084 | 682 | 402 | 993 | 906 | 1,899 | 815 | 57% | 1,414 | 486 |
| Strategic Planning & Policy | 38 | - | 38 | - | - | - | 38 | 100% | 120 | 120 |
| Total Capital Expenditure | 50,297 | 88,224 | 37,927 | 140,533 | 30,386 | 170,919 | 120,622 | 29% | 112,653 | 58,266 |

Analysis of Controllable 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 | 7,897 | 6,307 - | 1,590 | 30,266 | 5,111 | 35,377 | 27,480 | -22% | 19,118 | 16,259 |
| Environmental Management | 6,043 | 4,844 - | 1,200 | 5,748 | - | 5,748 | 295 | -105% | 5,724 | 25 |
| Roading and Footpaths | 27,424 | 29,298 | 1,874 | 45,192 | 4,463 | 49,655 | 22,231 | -55% | 44,739 | 4,917 |
| Wastewater | 1,436 | 1,734 | 298 | 301 | 1,483 | 1,784 | 348 | -80% | 3,177 | 1,393 |
| Stormwater | 620 | 1,106 | 486 | - | 1,106 | 1,106 | 486 | -56% | 448 | 658 |
| Solid Waste Management | 1,571 | 1,277 - | 294 | 1,478 | - | 1,478 | 94 | -106% | 1,420 | 58 |
| Water Supply | 9,970 | 14,022 | 4,052 | 7,017 | 7,319 | 14,336 | 4,366 | -70% | 13,601 | 735 |
| Governance & Strategic Administration | 1,503 | 1,845 | 342 | 1,999 | 21 | 2,020 | 517 | -74% | 2,020 | - |
| Customer Services | 421 | 475 | 54 | 577 | - | 577 | 156 | -73% | 487 | 90 |
| Strategic Planning & Policy | 299 | 63 - | 236 | 75 | - | 75 | 224 | -398% | 325 | 250 |
| Total Operating Income | 57,184 | 60,971 | 3,787 | 92,653 | 19,503 | 112,156 | 54,972 | 51% | 91,058 | 21,098 |

| 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 | 6,858 | 8,228 | 1,370 | 9,441 | 372 | 9,813 | 2,954 | 70% | 10,415 | 602 |
| Environmental Management | 7,272 | 8,115 | 843 | 9,972 | - | 9,972 | 2,700 | 73% | 9,925 | 47 |
| Roading and Footpaths | 19,259 | 18,245 - | 1,014 | 26,934 | 578 | 27,512 | 8,253 | 70% | 27,689 | 177 |
| Wastewater | 8,431 | 8,139 - | 293 | 7,263 | 2,250 | 9,514 | 1,082 | 89% | 10,906 | 1,392 |
| Stormwater | 1,763 | 3,807 | 2,045 | 3,259 | 1,106 | 4,366 | 2,603 | 40% | 3,674 | 692 |
| Solid Waste Management | 3,845 | 3,620 - | 225 | 4,348 | - | 4,348 | 503 | 88% | 4,348 | - |
| Water Supply | 6,052 | 7,296 | 1,244 | 6,126 | 2,188 | 8,314 | 2,263 | 73% | 7,978 | 336 |
| Governance & Strategic Administration | 17,570 | 18,847 | 1,276 | 22,559 | 21 | 22,580 | 5,010 | 78% | 22,417 | 163 |
| Customer Services | 4,075 | 4,578 | 503 | 5,599 | - | 5,599 | 1,524 | 73% | 5,602 | 3 |
| Strategic Planning & Policy | 4,179 | 5,917 | 1,738 | 7,221 | - | 7,221 | 3,042 | 58% | 7,553 | 332 |
| Total Direct Costs | 79,305 | 86,791 | 7,486 | 102,724 | 6,515 | 109,239 | 29,934 | 73% | 110,507 | 1,268 |

Capital Spend Analysis

as at 30-Apr-2022

| 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 | 3,975 | 1,291 | 18,292 | 5,509 | 23,801 | 16.7% | 16,063 | 24.7% | 67% | (7,737) |
| Wastewater | 1,287 | 680 | 13,047 | 1,926 | 14,973 | 8.6% | 4,283 | 30.0% | 29% | (10,689) |
| Water Supply | 958 | 664 | 6,722 | 907 | 7,629 | 12.6% | 4,575 | 21.0% | 60% | (3,054) |
| Stormwater | 194 | 138 | 3,672 | 311 | 3,983 | 4.9% | 1,197 | 16.2% | 30% | (2,785) |
| Solid Waste | 113 | 45 | 767 | 155 | 922 | 12.2% | 768 | 14.7% | 83% | (155) |
| Project Delivery Team Subtotal | 6,526 | 2,819 | 42,500 | 8,808 | 51,307 | 12.7% | 26,886 | 24.3% | 52% | (24,421) |
| Roading & Footpaths | 13,070 | 7,081 | 31,827 | 4,177 | 36,004 | 36.3% | 29,674 | 44.0% | 82% | (6,330) |
| IAM Total | 19,596 | 9,900 | 74,327 | 12,985 | 87,311 | 22.4% | 56,561 | 34.6% | 65% | (30,750) |
| Environmental Management | 57 | 5 | 28 | 0 | 28 | 205.0% | 28 | 205.0% | 100% | 0 |
| Governance & Strategic Administration | 1,318 | 658 | 3,407 | 1,942 | 5,349 | 24.6% | 4,131 | 31.9% | 77% | (1,218) |
| Customer Services | 1,084 | 106 | 1,431 | 906 | 2,337 | 46.4% | 1,414 | 76.7% | 60% | (923) |
| Strategic Planning | 38 | 0 | 0 | 0 | 0 | 0.0% | 120 | 31.6% | 0% | 120 |
| Other Total | 2,497 | 769 | 4,865 | 2,848 | 7,714 | 32.4% | 5,692 | 43.9% | 74% | (2,021) |
| Sub Total | 22,093 | 10,669 | 79,192 | 15,833 | 95,025 | 23.3% | 62,253 | 35.5% | 66% | (32,772) |
| DIA Projects | | | | | | | | | | |
| Water Supply | 10,153 | 3,816 | 4,852 | 8,024 | 12,876 | 78.8% | 17,267 | 58.8% | 134% | 4,392 |
| 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 | 10,153 | 3,816 | 4,852 | 8,024 | 12,876 | 78.8% | 17,267 | 58.8% | 134% | 4,392 |
| ESEO Projects | | | | | | | | | | |
| District Facilities | 9,618 | 3,508 | 44,086 | 3,098 | 47,184 | 20.4% | 20,387 | 47.2% | 43% | (26,798) |
| Environmental Management | 84 | 0 | 953 | 327 | 1,280 | 6.6% | 580 | 14.5% | 45% | (700) |
| Roading & Footpaths | 8,349 | 3,069 | 11,449 | 3,105 | 14,555 | 57.4% | 12,166 | 68.6% | 84% | (2,389) |
| Total ESEO Projects | 18,051 | 6,577 | 56,489 | 6,529 | 63,019 | 28.6% | 33,133 | 54.5% | 53% | (29,886) |
| Total | 50,297 | 21,062 | 140,533 | 30,386 | 170,919 | 29.4% | 112,653 | 44.6% | 66% | (58,266) |

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 30-Apr-2022.

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 30-Apr-2022

| LTP Group | Actual + commitments against total forecast budget |
|---------------------------------------|--|
| | YTD Actual (%) |
| District Facilities | 32.8% |
| Wastewater | 45.9% |
| Water Supply | 35.5% |
| Stormwater | 27.7% |
| Solid Waste | 20.6% |
| Project Delivery Team Subtotal | 34.8% |
| Roading & Footpaths | 67.9% |
| IAM Total | 52.1% |
| Environmental Management | 222.0% |
| Governance & Strategic Administration | 47.8% |
| Customer Services | 84.2% |
| Strategic Planning | 31.6% |
| Other Total | 57.4% |
| Sub Total | 52.6% |
| DIA Projects | |
| Water Supply | 80.9% |
| Wastewater | 0.0% |
| Stormwater | 0.0% |
| Total DIA Projects | 80.9% |
| ESEO Projects | |
| District Facilities | 64.4% |
| Environmental Management | 14.5% |
| Roading & Footpaths | 93.8% |
| Total ESEO Projects | 74.3% |
| Total | 63.3% |

6.2 JUNE RISK MANAGEMENT REPORT

File Number: A3732299

Author: Tanya Reid, Principal Advisor - Organisational Performance and Transformation

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
- Group risk update; and
- business continuity planning.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

- Risk progress updates are provided for six of the seven scheduled reports on top organisational risks. The risk trend is stable for four of these risks and increasing for two.
- One emergent risk is subject to a separate decision report for consideration as a top organisational risk.
- No new emergent risks have been identified for inclusion in this report.
- Risk management at a group and departmental level continues as does development of business continuity plans for essential services.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report June 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. These risks are categorised into three themes – Climate Change, Enterprise Governance and Infrastructure and Asset Management Risks.

Table 2 details the 2022 deep dive programme and risk progress report schedule, as agreed by Assurance, Risk and Finance Committee. The schedule has synchronised risk progress reports to enable the Assurance, Risk and Finance Committee to view reports on interconnected risks. Please note, at the request of Assurance, Risk and Finance Committee members the June deep dive is a continuation of the April Affordability risk deep dive.

Table 1: Top organisational risk dashboard

| Risk ID: | Risk title | Date Risk adopted | Inherent risk score | Residual risk score | The risk trend is: | Months since risk trend last changed: | High level risk treatment progress: |
|-------------------------------------|---|-------------------|---------------------|---------------------|--------------------|---------------------------------------|--|
| Climate Change | | | | | | | |
| ARF015 | Climate Change Organisation Transition Risk | 01/12/22 | 31 | | Stable | 5 | Climate Change active treatment plan in place with treatment pipeline. |
| ARF016 | Climate Change Community Transition Risk | 01/12/22 | 39 | | Stable | 5 | Climate Change active treatment plan in place with treatment pipeline. |
| ARF017 | Climate Change Direct Risk to Council Physical and Natural Assets | 01/12/22 | 37 | | Stable | 5 | Climate Change active treatment plan in place with treatment pipeline. |
| ARF018 | Failure to understand and capture climate-related opportunities | 01/12/22 | 29 | | Stable | 0 | Climate Change active treatment plan in place with treatment pipeline. |
| Enterprise Governance | | | | | | | |
| ARF003 | Health & Safety Vulnerabilities | 30/05/19 | 46 | 34 | Increasing | 22 | Not all treatment plan progress is to schedule; increase in threatening behavior from the public; ongoing non-compliance with Health and Safety at Work Act regulations across our assets. |
| ARF005 | Affordability Risk | 30/05/19 | 45 | 26 | Increasing | 20 | Affordability Risk have been themed to develop four targeted risks. These have been scored. Treatment plan to be agreed. |
| ARF010 | Data Governance Risks | 30/05/19 | 39 | 14 | Increasing | 8 | Cyber security risk, is intensifying with growing digital dependency and increasing geopolitical disruptions. |
| Infrastructure and Asset Management | | | | | | | |

| Risk ID: | Risk title | Date Risk adopted | Inherent risk score | Residual risk score | The risk trend is: | Months since risk trend last changed: | High level risk treatment progress: |
|----------|--------------------------------------|-------------------|---------------------|---------------------|--------------------|---------------------------------------|--|
| ARF004 | Asset Management Risks | 30/05/19 | 45 | 18 | Decreasing | 6 | Asset Management Plans and project management framework are implemented with good progress made against other treatments. |
| ARF006 | Project Priorities Deliveries Delays | 30/05/19 | 45 | 14 | Increasing | 6 | The external environment is impacting this risk with issues being experienced such as contractor availability and increasing cost of labour and materials. |
| ARF007 | Compliance NRC Abatements | 30/05/19 | 45 | 18 | Increasing | 8 | Legislative and regulatory change currently continues to impact this risk. |
| ARF012 | Contract Management Risks | 30/05/19 | 39 | 14 | Stable | 25 | Treatments such as the new contracts register, and contract management framework are progressing. |
| ARF013 | Drinking Water Resilience | 05/07/20 | 35 | | Stable | 20 | Updated Water Safety Plans completed. |
| ARF014 | Programme Darwin | 08/09/21 | 35 | 13 | Increasing | 8 | Treatments to reduce either the impact or probability of this risk are yet to be confirmed or implemented. |

Table 2: 2022 Deep dive programme and risk progress report schedule

| | 2022 Assurance, Risk and Finance Committee meeting date: | 02/02 | 16/03 | 27/04 | 22/06 | 31/08 |
|--|---|-------|-------|--|---|---|
| | Deep Dive Programme: | | | Review Risk Management Policy Affordability risks | Climate Change – Treatment mapping / residual risk Affordability risks | Infrastructure & Asset Management risks Climate change |
| Climate Change risk progress reporting schedule | | | | | | |
| ARF01 5 | Climate Change Organisation Transition Risk | | ✓ | | ✓ | ✓ |
| ARF01 6 | Climate Change Community Transition Risk | | ✓ | | ✓ | ✓ |
| ARF01 7 | Climate Change Direct Risk to Council Physical and Natural Assets | ✓ | | ✓ | | ✓ |
| ARF01 8 | Failure to understand and capture climate-related opportunities | | | | ✓ | |
| Enterprise Governance risk progress reporting schedule | | | | | | |
| ARF00 3 | Health & Safety Vulnerabilities | ✓ | | ✓ | | ✓ |
| ARF00 5 | Affordability Risk | | | | ✓ | |
| ARF01 0 | Data Governance Risks | | | | ✓ | |
| Infrastructure and Asset Management risk progress reporting schedule | | | | | | |
| ARF00 4 | Asset Management Risks | ✓ | | | | ✓ |
| ARF00 6 | Project Priorities Deliveries Delays | ✓ | | ✓ | | ✓ |

| | 2022 Assurance, Risk and Finance Committee meeting date: | 02/02 | 16/03 | 27/04 | 22/06 | 31/08 |
|--------|---|-------|-------|-------|-------|-------|
| ARF007 | Compliance NRC Abatements | | | | ✓ | |
| ARF012 | Contract Management Risks | ✓ | | ✓ | | ✓ |
| ARF013 | Drinking Water Resilience | | ✓ | | ✓ | ✓ |
| ARF014 | Programme Darwin | ✓ | | ✓ | | ✓ |
| | Externally funded shovel ready, economic stimulus employment opportunity projects | | ✓ | | | |

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS**We are operating in a very dynamic context**

The Council needs to plan for disruption to cope with an uncertain and fast-changing environment characterized by less stability and predictability.

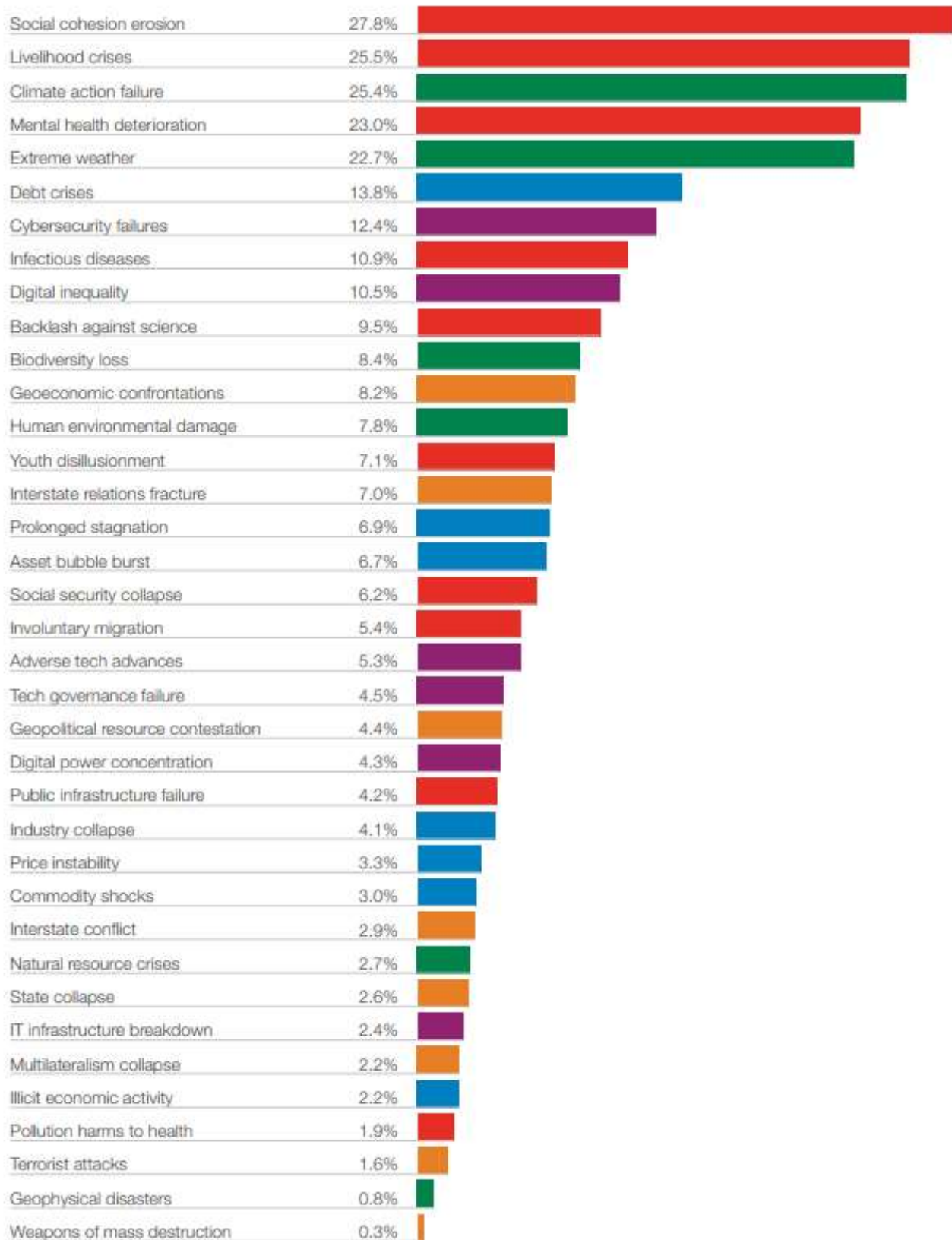
A number of our organisational risks require a diverse skill mix, collaboration, and adaptability, to deliver the required treatments to achieve elected members' risk appetite (residual risk). Cross functional, multi-skilled teams (such as risk reference groups), with clear accountability on end-to-end delivery will reduce time and effort waste, improving collaboration and alignment.

The World Economic Forum 2021-2022 Global Risks Perception Survey (nearly 1,000 global experts and leaders responded) included a reviewed the implications of the COVID-19 pandemic on risk. The graphic below identifies the risks which respondents have assessed as "worsened" since the start of the pandemic. The survey also included a question on international risk mitigation efforts. "Artificial intelligence", "space exploitation", "cross-border cyberattacks and misinformation" and "migration and refugees" are the areas where most respondents believe the current state of risk mitigation efforts fall short of the challenge—that is, efforts are "not started" or in "early development". Meanwhile, for "trade facilitation", "international crime" and "weapons of mass destruction", large majorities perceived risk mitigation efforts to be "established" or "effective". The graphic below ranks international risk mitigation efforts in ascending order of the combined total of established and effective mitigations.

COVID-19 Hindsight

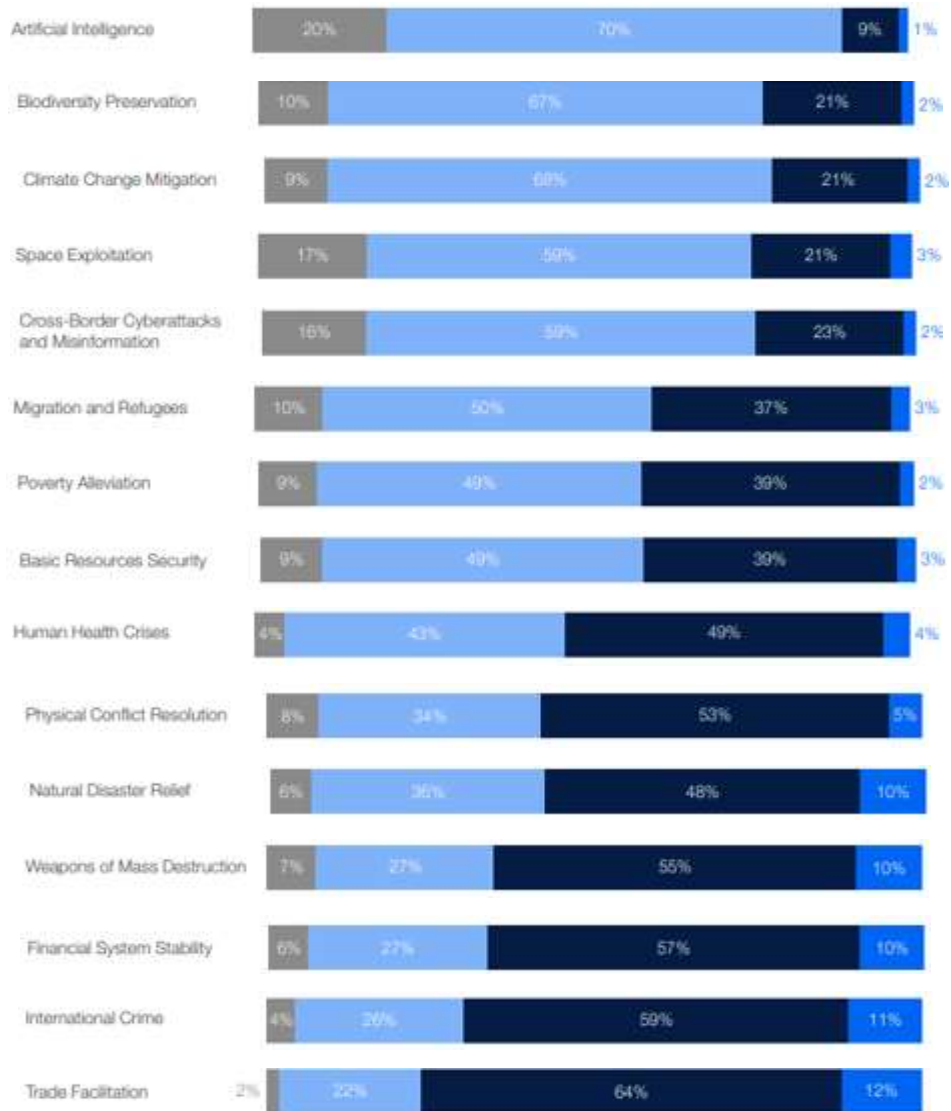
Risks that worsened the most since the start of the COVID-19 crisis

■ Economic
 ■ Environmental
 ■ Geopolitical
 ■ Societal
 ■ Technological



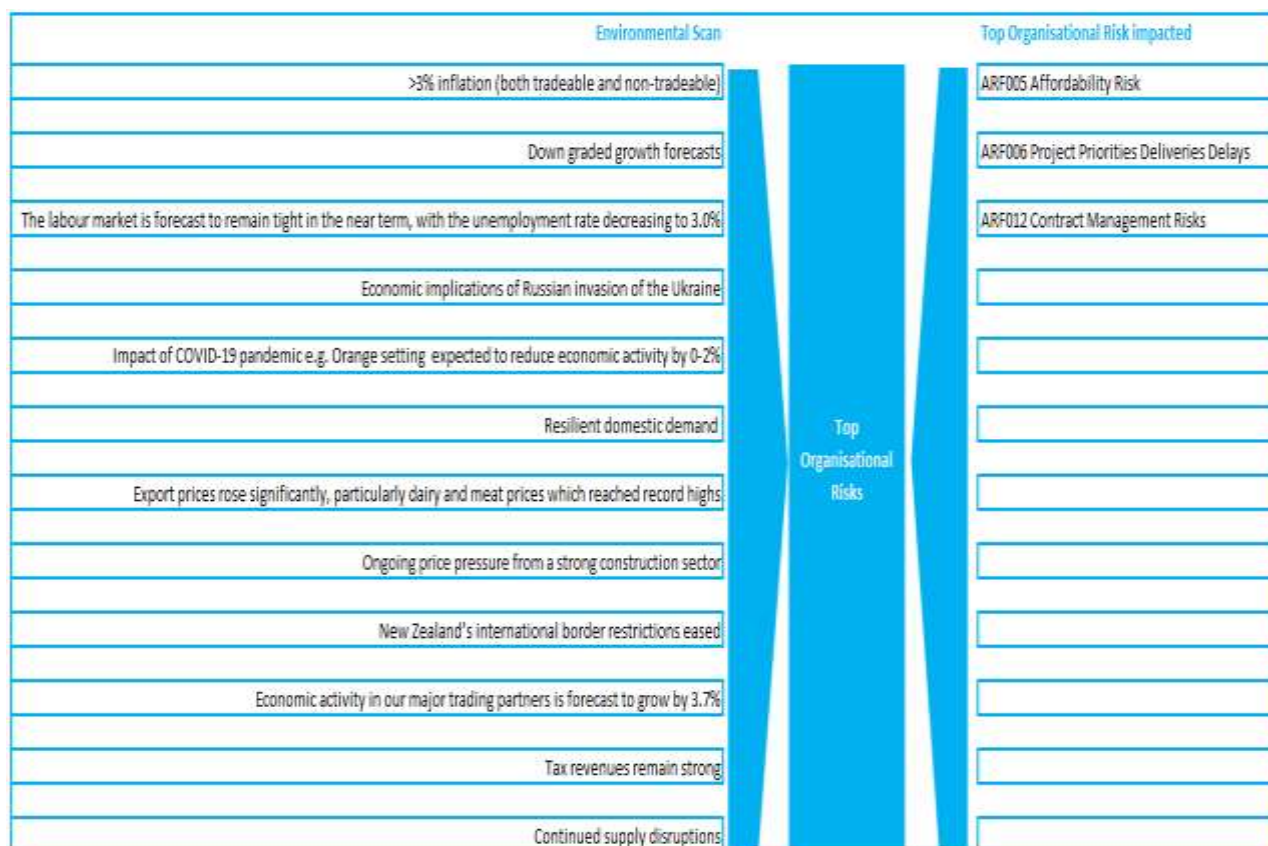
INTERNATIONAL RISK MITIGATION EFFORTS

**CURRENT STATE OF INTERNATIONAL RISK MITIGATION EFFORTS IN EACH AREA
IN ASCENDING ORDER BY COMBINED TOTAL ESTABLISHED + EFFECTIVE**



Organisational risk management

Council continues to experience external environment influences which are aggravating three organisational risks. The graphic below provides a picture of the environmental impacts on these risks.



Progress to establish a legal compliance system to assist in the management of legislative risk and compliance:

This work has been placed on hold.

Emergent risk:

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 the March 2022 meeting. |
| 2. District Services have proposed to escalate one of their top group risks for consideration of inclusion on the top organisational dashboard. | October 2020 | A decision report is included on the Assurance, Risk and Finance Committee agenda. |
| 3. The risk of not fit for purpose business continuity arrangements. | October 2020 | A progress up-date is provided under the group risk section. |
| 4. Government's Three Waters Reform programme. | December 2020 | Progress on the three waters reform programme does not form part of the |

| Emergent risks | Presented to ARF: | Progress |
|---|-------------------|--|
| | | Assurance, Risk and Finance Committee agenda. |
| 5. 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. |
| 6. Ngapuhi Mana Whakahono ā Rohe. | Feb 2022 | This emergent risk is focussed on our ability to meet the statutory timeframe to review all Council policies and process within six months of completing a Mana Whakahono ā Rohe. An internal hui /workshop with a cross-functional team of 17 staff, supported by the Principal Advisor Organisational Performance & Transformation and the Project and Change Specialist, is planned. |

Organisational risk progress reports:

There is no scheduled ARF005 Affordability Risk progress report as we continue to workshop with risk with Assurance, Risk and Finance Committee.

Risk progress reports – highlights and analysis:

1. ARF007 Compliance NRC Abatements risk progress report. The inherent risk rating trend has been assessed as **increasing** due to the legislative and regulatory change currently being faced.
2. ARF010 Data Governance Risks Progress Report. The inherent risk rating trend has been assessed as **increasing**. Three active programmes of work will result in improved data governance.
3. ARF013 Drinking Water Resilience Risk Progress Report. The inherent risk rating trend has been assessed as **stable** as Council continues progress water safety management action plans.
4. Climate Change Risks (ARF015, ARF016 and ARF018) The inherent risk rating trend has been assessed as **stable** for these three Climate Change risks. Climate Change active treatment plan in place with treatment pipeline.

Programme Darwin

No risk reporting has been provided.

Group Risk Up-date

Corporate Services have established three lines of defence. The Corporate Services risk register is in the process of being refreshed.

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

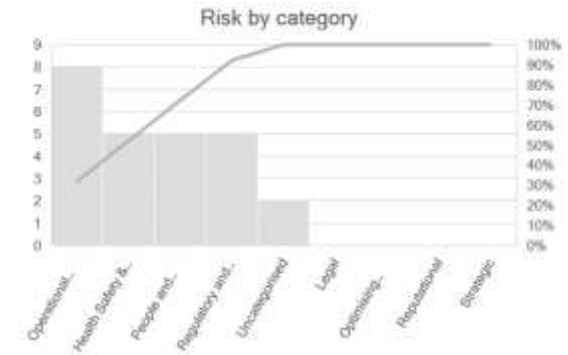
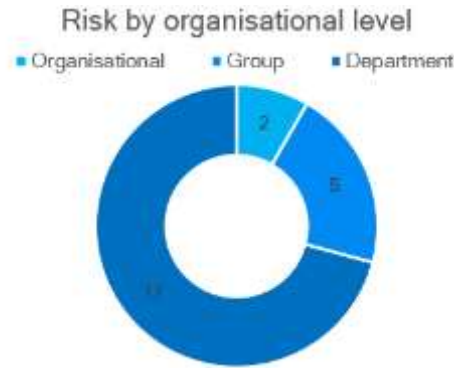
- the risk description by category (see table 4):
 - Health, Safety & Wellbeing
 - Legal
 - Operational / Financial
 - Optimising efficiency
 - People and culture
 - Regulatory and Compliance

Group Risk Dashboard

District Services Risk Dashboard

Review Date: 20/05/2022

25 risks (an increase of 1)



IAM Group Risk Dashboard

Review Date: 20/05/2022

25 risks (an increase of 1)

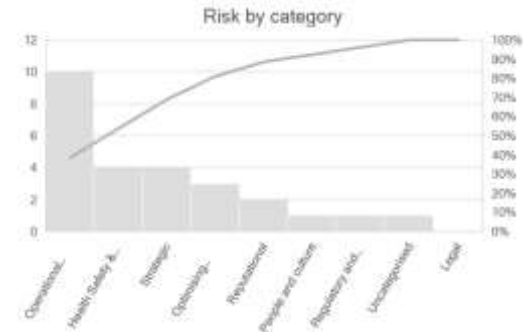


Table 4: Key to risk category

| 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 Compliance | and 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 |

Business continuity arrangements

The COVID-19 crisis response and crisis management teams continue to manage the Council's COVID-19 response reviewing and up-dating protocols as the Government changes measures in response to the omicron outbreak.

Progress to refresh Council's business continuity arrangements:





- Corporate Services: Essential services have been identified and agreed for development of Business Continuity Plans. Work continues to complete plans.
- IAM: District Facilities have completed Business Continuity Plans for essential services.
- People & Capability have completed their business continuity plan.
- The District Services and Strategic Planning & Policy Groups have completed business continuity plans for essential services.

Business continuity plans are all available at [Business Continuity Planning - Home \(sharepoint.com\)](#)

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

No additional budgetary provision is requested.

ĀPITIHINGA / ATTACHMENTS

1. 2022 06 ARF007 Compliance NRC Abatements Risk Progress Report - A3732000 [↓](#) 
2. 2022 06 ARF010 Data Governance Risk Progress Report - A3732305 [↓](#) 
3. 2022 06 ARF013 Drinking Water Resilience Risk Progress Report - A3732004 [↓](#) 
4. 2022 06 Climate Change Risk Progress Report - A3732002 [↓](#) 

ARF007 Compliance – NRC Abatements

Risk Status Progress Report June 2022

Prepared: 27/05/2022

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 time if significant activity and 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
- Monthly monitoring and reporting on water and wastewater treatment to achieve early warning of compliance risks included 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

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: | <p>The abatement notice register records that four abatement notices have been received so far this financial year. Two have been resolved. The remaining two relate to the Awanui riverbank stabilisation and odour at Mill Bay Pumpstation.</p> <p>The Awanui Riverbank stabilisation works have commenced and are expected to be complete in June. Once works are completed, we will apply to NRC to lift the abatement. Early discussion with NRC indicates the planned work will achieve this.</p> <p>The odour device at Mill Bay has been inspected and maintained. No further work is expected, and we have applied to NRC to lift the abatement.</p> <p>There are four legacy abatement notices. They are Kaitaia reticulation, Opononi <i>E.coli</i>, Russell <i>E.coli</i> and Ahipara faecal coliform treatment. There is budget in the LTP for improvements to reticulation and treatment to resolve these. Action to date is as follows:</p> <p>Kaitaia Wastewater Reticulation – Upgrading of some gravity lines to pressure lines and pumpstation upgrades has been carried out. CCTV and zonal monitoring is being completed. This will inform the design of further reticulation upgrades needed.</p> |

| | |
|--|--|
| High level treatment plan: | Progress update: |
| | <p>Opononi E.coli – Resource consent renewal is progressing with NRC. Plant upgrades are in the planning stages with a concept available. The assumptions and outcomes of this concept are being tested as the business case is being prepared for completion in June.</p> <p>Russell WWTP - the replacement of the pondliner has commenced. Hope Ave Pumpstation, UV upgrade, and media replacement are with Project Delivery.</p> <p>Ahipara Faecal Coliforms – A UV disinfection unit is planned for FY2022/2023. IAM also intend to liaise with Te Rarawa about holistic catchment monitoring design. Additional catchment monitoring will enable a shared understanding of the issues and results will inform future activities. Constructed wetland maintenance due to commence May/June. This will improve retention time and effectiveness of the CWL for removing coliforms.</p> |
| Monitoring and Reporting | <p>We are implementing WaterOutlook software across all Water Treatment Plants. 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. Implementation is phased across the plants and is intended to be complete in July 2022.</p> |
| Relationship building with Far North Water | <p>This continues with various forums in place. These include:</p> <ul style="list-style-type: none"> • Monthly meetings with a focus on compliance outcomes only • Asset Managers and Operations engineers forum where issues can be raised before they become an ongoing issue or escalation point • Collaboration on preparation of project briefs for works to be undertaken |
| Relationship building with NRC | <p>FNDC and NRC are actively collaborating:</p> <ul style="list-style-type: none"> • Monthly activity level compliance meetings and reporting in place. • Ad-hoc liaison and information sharing e.g., via IRIS software, summer bathing programme. |
| Triaging significant and minor non-compliances | <p>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 (3 of which have abatement notices noted above) and 61 minor non-compliant conditions. These are being reviewed and monitored for action to reduce non-compliance and the chance for abatement.</p> <p>The 6 significant non-compliance are; Kaitaia water treatment plant intake, Ahipara WWTP faecal coliforms, Opononi WWTP <i>E.coli</i>, Russell WWTP <i>E.coli</i>, Paihia WWTP NH4N. Projects are in progress to address each of these non-compliances.</p> <p>Ahipara WWTP – see comments for abatement notice above.</p> <p>Opononi WWTP – see comments for abatement notice above. Also – CWL maintenance was completed in October 2021. Some improvement in <i>E.coli</i> resulted.</p> <p>Russell WWTP – See comments for abatement notice above.</p> <p>Paihia WWTP – NH4N compliance has improved significantly since the installation of pods. Continued compliance requires Operators to manage the plant within design parameters for aeration and pH correction. Refinement of these procedures is being considered. Pond desludging is scheduled for FY2022/23. This will increase the capacity of the ponds thereby further improving treatment time and effectiveness.</p> |
| Infrastructure Compliance Programme | <p>The Water Safety Plan project and Engineers plant review has created a prioritised improvement plan for drinking water schemes. A similar process is being followed to create an improvement plan for wastewater schemes.</p> |

| | |
|----------------------------|---|
| High level treatment plan: | Progress update: |
| | This information will be an input into the Long-term Plan workshops commencing in June. |

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. t. Future 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 (FNW) is responsible for operational compliance with water and wastewater resource consents. 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 technical 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 |

ARF010 Data Governance Risk

Risk Status Progress Report June 2022

Prepared: 27/05/2022

Description of risk and impact

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

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 | <p>Underway:</p> <p>Data Governance Policies:</p> <p>Draft Data Governance Policy requires revision and signoff DATA GOVERNANCE POLICY (A2685114)</p> <p>Draft Data Protection Policy requires revision and signoff Data Protection Policy (A2685122)</p> |

| High level treatment plan: | Progress update: |
|---|---|
| | <p>Draft Data and Information Management Policy requires minor revision and signoff Data and Information Management Policy DRAFT (A3111956)</p> <p>Draft multimedia Policy requires minor revision and signoff Multimedia Policy (A3100700)</p> <p>Data Quality Project has not progressed 210122 Project Charter Data Quality v1.0 (A3067389)</p> <p>ICT Policy System:</p> <p>ICT Operations and Delivery team have implemented an online IT Policy System in collaboration with Kaon Security Ltd to move to a more effective ICT policy environment, and to provide better governance around ICT use and security.</p> <p>The policies have been reviewed and updated by the ICT Operations and Delivery team, as well as other subject matter experts from around the business (Democracy Services, Information Management, Business Continuity Planning, Legal Services). They are now waiting to be reviewed and approved by the CEO and SLT.</p> <p>This ICT Policy System is an enhanced cloud-based solution that has been developed to assist organisations create, deliver, and maintain a comprehensive suite of ICT policies. This system streamlines the engagement between the users and the content, whilst providing a rich source of guidance on how they should interact with organisational IT systems and data.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>The ICT policy system will be updated with any relevant changes to legislation, standards, and guidelines on a regular ongoing basis.</p> |
| <p>ALGIM (Association of Local Government Information Management) Local Government ICT Security Framework – SAM for Compliance.</p> | <p>In place and ongoing:</p> <p>In 2020 the ICT Operations and Delivery team implemented an ICT Security Framework (SAM for Compliance). This framework contains a series of policies, procedures and processes that lower risk and vulnerability, and increase confidence in an ever-connected world. Safe, secure, and functional</p> |

| High level treatment plan: | Progress update: |
|--|---|
| | <p>information technology systems are vital for the successful operation of our Council.</p> <p>ICT Operations and Delivery team have implemented or are currently working on a variety of ICT security improvements:</p> <ul style="list-style-type: none"> • Multi Factor Authentication (MFA) • Single Sign On (SSO) for systems, e.g. CiAnywhere HRP, Freshservice, Mariner 7, Objective IQ, PeopleSafe, Percipio, Promapp, Smartway2 • Device storage encryption and BIOS password set up on new devices • Firewall health check • Anti-virus software health check • Penetration testing • Network user account and contractor user account reviews • Computer Security Incident Management system • External email warning message • National Cyber Security Centre - Microsoft Exchange Server Scan • National Cyber Security Centre - Data Breach Service • Secure E-waste disposal - Digital Wings • Annual upgrade programme - Objective, Pathway, ePathway, TechOne • Microsoft 365 security improvements (external review underway May 2022) • ICT audit undertaken by Audit NZ • Upskilling of ICT staff via ongoing training and webinars • Cybersecurity Awareness Programme for all staff and elected members - Phriendly Phishing • Microsoft Intune rollout • InPhySec - Managed Security Service pilot underway • Crowdstrike - Endpoint threat protection pilot underway <ul style="list-style-type: none"> ○ IT hygiene ○ Anti-virus ○ Endpoint detection and response ○ Threat hunting ○ Vulnerability management ○ USB device monitoring • Offsite and off network backups proposal • Automated server patch management – WSUS • Self-service password reset • Wi-Fi replacement project. <p>The Assurance, Risk and Finance Committee are provided with a Technology Update Report with a focus on cybersecurity every six weeks.</p> |
| <p>FNDC needs to implement the requirements of the internal policy "PC033 Privacy Policy", adopted August 2019, such as agree designated Privacy Officers.</p> | <p>Implemented.</p> <p>The Privacy Officers are appointed by role. These roles are the Manager – Legal Services and the Legal Services Officer.</p> |

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 June 2022

Prepared: 27/05/2022

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.

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 planning to consider growth, expansion, development for each of our communities
3. Treated Water Supply Bylaw - this allows us to make water restrictions if and when needed.
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: |
|---|---|
| Water Shortage Management Plan, Committee and Drought Communication Plan | Summer 21/22 is the first summer in many years that FNDC imposed no water restrictions. Reasonable summer rainfall, the leak detection programme and a new source at Opononi (Smoothys bore) all contributed to reducing the risk. |
| 2021/2031 Long Term Plan. | A programme of work for water infrastructure has been adopted in the LTP and changes have been proposed for the Annual Plan 2022/2023. Planning commences in June for assessing community needs with a focus on the next three years for LTP 2024/2034. |
| Programme Darwin – to understand asset knowledge to refine investment planning. | The focus for this risk comes from the Asset Condition Assessment programme of work. This is progressing well with the three-year programme mapped out with many activities already started and procurement underway for others. Updated information is available each month in the IAM Business Report. |
| Crown 3-waters reform funding. | The Funding Agreement and Delivery Plan included a portfolio of projects to be completed prior to June 2022 (originally March but extended by the DIA to June). Of the 18 projects, 13 will improve resilience. Progress on these is reported monthly in the IAM Business report and all funds are expected to be utilised. Key projects include: <ul style="list-style-type: none"> • 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 | <p>Jacobs NZ Ltd have completed the Draft Water Safety Plans (WSPs) for all 8 schemes.</p> <p>These are being reviewed and will be completed for submission to Taumata Arowai by 15 November 2022. The final WSPs and the implementation plan to support these is underway collaboratively with FNDC staff and Far North Waters. Some implementation activities have already commenced e.g continuous monitoring and WaterOutlook. The WSP Risk Registers and Improvement Plans will inform LTP workshops.</p> <p>Taumata Arowai have advised they will not be approving WSPs but will provide feedback if they have concerns.</p> |
|--------------------|--|

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 Draft Water Safety Plans contain a risk register and improvement plan for each scheme. Consequently, this gives Council a new benchmark for the current risks and an updated understanding of what is required to manage those risk elements.

With the DIA 3-waters stimulus funding, leak detection equipment was purchased during the 21/22 year. With this new equipment and a team of skilled operators, leak detection work initially focussed on our highest water loss area of Kaitaia. Over the late summer and autumn months, further leak detection work was undertaken at Rawene. These pieces of work were highly successful in finding leaks and enabling the repairs to take place. The results are being currently analysed to assess the impact on overall water system losses. The next area of focus will be Kerikeri. Finding and fixing leaks assists with water management within our dry months however, the long-term benefits in delaying the requirements for large capital spends on new water sources is the real prize.

Early and continued engagement with Taumata Arowai is underway to ensure all obligations are known and understood. Current topics include:

- What are Council obligations in respect of non-public schemes?
- If a private scheme starts to impact ratepayer health what is Council's responsibility?
- Submissions on the Draft Drinking Water Standards and Rules. Taumata Arowai has not yet released the summary of submissions and final standards and rules.

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 |

Climate Change Risks ARF015, ARF016, ARF018

Risk Status Progress Report June 2022

Prepared: 27/05/2022

Risk progress report for climate change risks:

- ARF015 Climate Change Organisation Transition Risk
- ARF016 Climate Change Community Transition Risk
- ARF018 Failure to understand and capture climate-related opportunities

Description of risks and impacts

These strategic risks were raised and accepted onto the organisational dashboard on the 01/12/2021. All these risks are considered “likely to happen”. The CEO is accountable for these risks with the GM SPP responsible. Table 1 describes the three climate change risks subject of this report.

Table1: Climate Change Risk statements

| Risk ID | Inherent Risk | Risk Trend | Cause “Because of...” | Risk “There is a chance that...” | Effect “leading to...” |
|-------------------------------------|---------------|------------|--|---|---|
| ARF015 Organisation Transition Risk | 31 | Stable | 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. |

| Risk ID | Inherent Risk | Risk Trend | Cause “Because of...” | Risk “There is a chance that...” | Effect “leading to...” |
|---|---------------|------------|---|---|---|
| ARF016 Community Transition Risk | 39 | Stable | 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. |
| ARF018: Failure to understand and capture climate-related | 29 | Stable | 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. |

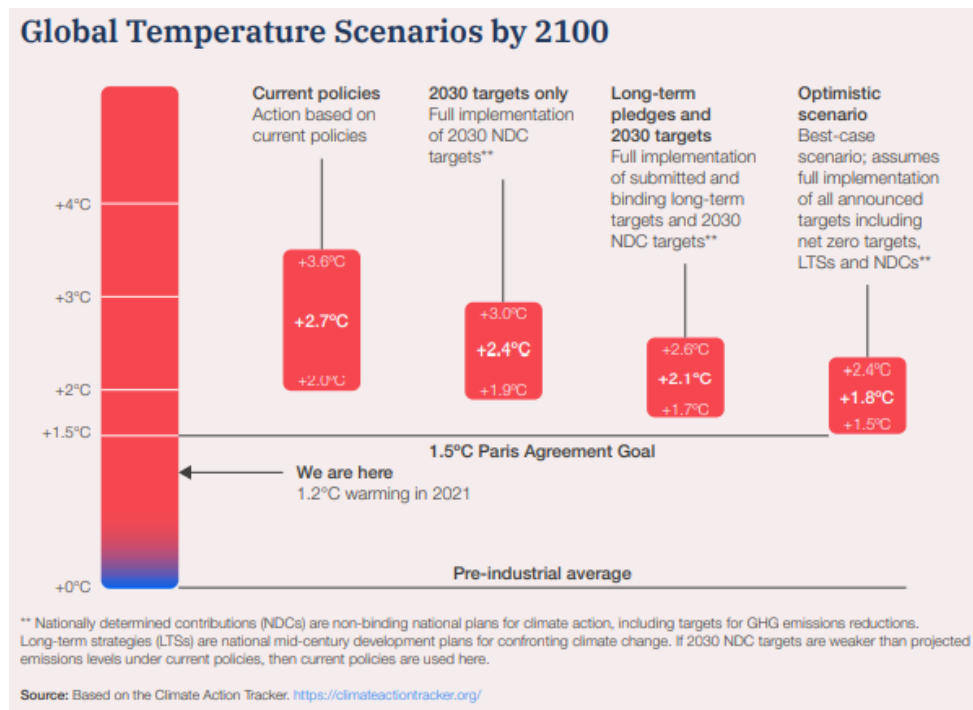
What are we doing?

Environmental context with which we are working

Governments, businesses, investors and communities are increasingly converging on the need for a quicker transition—each group setting higher expectations of the other. Green parties and green policies— such as a carbon border adjustment tax — have gained traction in many countries, regions, and industries, as have multilateral ideas like climate clubs. A plethora of climate risk disclosure frameworks and measurement standards are now being combined within a new International Sustainability Standards Board (ISSB) by the International Financial Reporting Standards (IFRS). This will help clarify what needs to be done, and by whom, to highlight and prevent greenwashing and stalling on climate action.

Governments, businesses, and societies are facing increasing pressure to transition to net-zero economies. An aggressive and rapid transition would alleviate long-term environmental consequences but could have severe short-term impacts, such as putting millions of carbon-intense industry workers out of jobs or triggering societal and geopolitical tensions. By contrast, a slower but more orderly

transition would prolong environmental degradation, structural fragilities, and global inequalities. Divergent trajectories across countries and sectors are creating more barriers to collaboration and cooperation in both scenarios.



Global Risks Perception Survey Ranks “Climate Action Failure” as Top Risk

Respondents to the Global Risks Perception Survey (GRPS) 2021–2022 rank “climate action failure” as the most critical threat to the world in both the medium term (2–5 years) and long term (5–10 years), with the highest potential to severely damage societies, economies and the planet. Most also believe too little is being done: 77% said international efforts to mitigate climate change have “not started” or are in “early development”.

Towards a more sequenced transition

Beyond the sheer scale, complexity and interdependency of the needed changes, the climate transition will be disorderly because decades of inaction and hesitant implementation of transition measures on local and global levels have steered the planet onto a path that will be difficult to change.

In a recovering yet diverging global economy, countries will need to transition at varying paces to prevent short-term disruptions from offsetting long-term gains, but the consequences of disparate transitions will be felt worldwide. The least disruptive climate transition measures will be those that holistically integrate the needs of individuals, societies, businesses and planet. Domestic and international collaboration should focus on educating the public about the value and need of climate action, including a change in consumer behaviour and demand-destruction for carbon intensive goods. Businesses of all sizes need to be incentivised to proactively factor in transition risks and move to circular economy models, while governments should be encouraged to take bold and immediate steps towards implementing robust legal frameworks that ensure a just transition.

Any transition of this scale will be disruptive. All stakeholders need to focus on actions that will drive an innovative, determined and inclusive transition in order to minimize the impacts of disorder, facilitate adaptation and maximize opportunities.

Progress on Treatments

Analysis has been completed to capture, and then organise into six themes based on the treatment opportunities. Table 2 explains the six themes which are directly aligned with four areas for action in the Te Tai Tokerau Climate Change Adaptation Strategy adopted by Council in March 2022.

Treatment progress is reported by theme (table 3) with a final table (table 4) is a treatment pipeline.

Table 2: Explanation of the six affinisation themes.

| Theme | Explanation of the theme |
|-----------------------------------|---|
| Grow Relationships | We will face backlash whether climate action is slow or aggressive which could weaken support for action; conversely, slow action could trigger further radicalization from those who feel we did not act fast enough, with a potential increase in intergenerational friction and more fiscal drain due to increased recovery funding. Relationships will also be important due to the disruptive potential of the transition which could be amplified by disconnects between governments, businesses and households with respect to policy commitments, financial incentives, regulations and immediate needs. |
| Build Capacity | The process by which we as individuals or our organisation, and other organisations we work with, obtain, improve or retain the skills, knowledge, tools, equipment or other resources to mitigate and adapt to climate change. |
| Improve knowledge + understanding | Educate our staff and communities about climate change so they understand the need for action, the sheer scale, complexity and interdependency of the needed changes. |
| Reduce Emissions | Achieve an overall balance between greenhouse gas emissions produced and greenhouse gas emissions taken out of the atmosphere Need to an agreed target e.g. net zero |
| Adapt to climate change impact | Adaptation is an ongoing process of adjusting to the actual and expected changes in the environment resulting from greenhouse gas emissions already released into the atmosphere and those that may be released in the future. Adaptation is an ongoing process as the climate will continue to change throughout this century and beyond. It is different from but linked to mitigation, which is about reducing greenhouse gas emissions to limit further climate change and increasing the ability of natural processes to absorb emissions, for example, by planting trees. |
| Regulate and Govern | Regulatory stewardship is the monitoring and care of regulatory systems for which we have policy or operational responsibilities. Its goal is to ensure that regulatory systems remain fit for purpose over the long term. Govern: control and manage district and our people; control the way that things happen; control how we operate |

Table 3: Summary of in progress climate change risk treatments

(Treatments which are numbered have been lifted from the Te Tai Tokerau Climate Adaptation priority actions list)

| Grow Relationships | | | | | |
|--|--|---|-------------------------------|----------|---------------------|
| Treatment | Description | Status | Climate change Risk addressed | Due Date | Treatment on track? |
| Climate Change Risk Reference Group | Support the operationalisation of Council's climate change policy | Established | All four | Ongoing | Yes |
| Inter-council collaboration: Continue to develop collaborative inter-council programmes and shared services. | FNDC is an active participant in the Climate Change Te Tai Tokerau working group. This reports into a Joint Committee of Council formed under the LGA. Recent work has seen the endorsement of a Regional Climate Adaptation Strategy that has an action plan with assignments to FNDC and a Joint Submission on the National Adaptation Plan. | Established Staff are leading a review of the purpose of the working group now the Regional Strategy has been approved | All four | Ongoing | Yes |
| Te Tai Tokerau Regional Comms and engagement (CATT) | FNDC is an active participant in regional climate change work programmes. | Established | All four | Ongoing | Yes |
| Internal comms and Engagement Plan | Climate Change Engagement Strategies | Underway | All four | Ongoing | |
| Clarify funding responsibilities: | Clarify adaptation management and funding responsibilities between councils. | About to start | All four | Ongoing | |
| Advocacy | Promote Northland's voice in central government policy and legislation development. Ensure Northland has input into central government adaptation policy and legislation development. | Underway | All four | Ongoing | |
| Build Capacity | | | | | |

| Treatment | Description | Status | Risk addressed | Due Date | Treatment on track? |
|--|---|----------|--|-----------------------------------|---------------------|
| Solid waste strategy | <p>Council's Waste Management and Minimisation Plan (statutory solid waste strategy) is due for review before May 2023.</p> <p>Central Government is undertaking a major reform of waste recovery involving the development of a new Waste Strategy, changes to legislation, implementation of a several product stewardship schemes (e.g., phasing out certain plastics, changes to tyre recovery etc), proposals to mandate kerbside recycling and food scrap collections, proposal to implement a container return scheme.</p> <p>Process to develop the new WMMP (Solid Waste Strategy) will follow best practice policy development, and will be informed by the community. The WMMP will align with and be adaptive to both central government led reforms and community led and private sector led innovation.</p> | Proposed | All four | May 2023 | Partial |
| Section 17A review (waste) | <p>A review based on the requirements of Section 17A of the LGA</p> <p>Will inform the solid waste strategy and bylaw amendments</p> | Underway | <p>ARF015 Climate Change Organisation Transition Risk</p> <p>ARF016 Climate Change Community Transition Risk</p> | Report planned to be with Council | Yes |
| Improve knowledge + understanding | | | | | |
| Treatment | Description | Status | Risk addressed | Due Date | Treatment on track? |
| Asset management system | <ul style="list-style-type: none"> Single source for asset data Asset criticality data | Underway | All four. | ? | No |

| | | | | | |
|---------------------------------------|--|---------------------|-----------------------|---|---|
| Sustainable Outcomes Framework | | | | | No |
| Reduce Emissions | | | | | |
| Treatment | Description | Status | Risk addressed | Due Date | Treatment on track? |
| Emission reduction action plan | <ul style="list-style-type: none"> Calculate operational emissions Set emissions reduction target (Science Based Targets) Identify long-list of actions (via workshops/interviews) Test actions to identify short-list (via MACC) Develop decarbonisation pathway | Action plan drafted | ARF015 ARF018 | Paper to 6 September 2022 Strategy and Policy Committee for recommendation to Council | Yes |
| Adapt to climate change Impact | | | | | |
| Treatment | Description | Status | Risk addressed | Due Date | Treatment on track? |
| Climate change adaptation planning | FNDC has commenced its weighting and prioritisation process to commence the community climate adaptation programme for the Far North. This work will include Community Engagement Plans. | Underway | All four | 6 September 2022 | Partial – will need to align with the notification of the Proposed District Plan out for consultation and guidance from MfE on adaptive planning that is due in September |
| Spatial planning | Kerikeri / Waipapa | Underway | All four | Draft foundation document to Sept 2022 to | |

| | | | | | |
|--|---|------------------------------------|-----------------------|---|---|
| | | | | SratPol Committee May 2023 for draft strategy out to consultation. | |
| Regulate and Govern | | | | | |
| Treatment | Description | Status | Risk addressed | Due Date | Treatment on track? |
| Climate change risk reporting | Reporting back the Audit, Finance and Risk Committee as per the approved reporting timeframes for all four climate change risks | Established | All four | On going | Yes |
| Te Ao Maori decision-making framework | Cultural welfare Better decision making Ensure tangata whenua are appropriately involved in adaptation decision-making. | Drafted | All four | | Partial |
| Climate Change Policy (master document stating our policy positions) | On the back of an organisational governance assessment of FNDC Council has approved the development of a climate change policy. This will address: <ul style="list-style-type: none"> 37. Communication to elected members: Enable governance focus and oversight of climate change issues. 38. Joint climate change policy framework: Ensure consistent consideration of climate change issues across individual Councils. 39. Policy review and improvement plan: Embed climate change objectives across individual council policies, strategies, plans and processes Embed Māori values in council processes: Ensure Māori values and worldviews are included in council processes and decision-making relating to climate change. Included in policy work | Underway First draft 06/09/2022 | All four | | Working across Councils to agree methodologies and metrics. |

| | | | | | |
|----------------------------------|---|---|----------|-----------|--|
| Legislative compliance framework | Meeting our obligations | On hold | ARF015 | Aug 22 | No |
| Draft District Plan | 25. District plans: Avoid increasing risk from new development and redevelopment in areas exposed to projected hazards. | Drafted and out for consultation 6 June 2022 for 60 days. | All four | June 2024 | On track to becoming an operative district plan. |

Table 4: Treatment Pipeline (Treatments which are numbered have been lifted from the Te Tai Tokerau Climate Adaptation priority actions list)

| Theme | Treatment |
|-----------------------------------|--|
| Grow relationships | <ul style="list-style-type: none"> Elected Member comms and engagement National partnerships: Develop partnerships and knowledge sharing with regional and sector groups. Community awareness: Ensure widespread community awareness and interaction on adaptation issues. 8. Public access to adaptation documentation: Improve public access to adaptation planning processes, information and documents. |
| Build capacity | <ul style="list-style-type: none"> District wide framework - how to manage/react to climate change across the district for each infrastructure Agree an environmental, social and governance (ESG) goals and framework 40. Climate risk disclosure: Ensure transparent monitoring and reporting of climate risks and responses. 41. Climate change in business cases: Embed climate change considerations in business cases and procurement policies 42. Alignment of adaptation plans: Ensure community adaptation planning processes are aligned with council funding processes. 43. Climate change teams: Establish appropriate portfolio, programme and project governance and management structures to build organisational capacities. 44. Staff resources: Ensure sufficient staff resourcing and capacity. 45. Adaptation funding: Identify and pursue adaptation funding avenues. |
| Improve knowledge + understanding | <ul style="list-style-type: none"> Collecting local Māori knowledge of risks and effects Internal Workshop – implementation of Climate Change Adaptation Te Tai Tokerau Strategy Adoption of climate adaptation Te Tai Tokerau strategy and priority actions plan Climate change risk assessment for new or renewal design and build then operation of assets for elected member decision making asset management plans 5. Infrastructure planning: Ensure consideration of climate change impacts in infrastructure planning: <ul style="list-style-type: none"> Improve knowledge of climate risk for council assets and infrastructure Improved consideration of climate change in asset management plans and associated operational procedures Coastal Erosion CAPEX Framework In depth assessment of risk and consequence of natural hazards by asset |

| | |
|--|--|
| | <ul style="list-style-type: none"> ○ Asset spending prioritization matrix for CAPEX. ○ Available data sets are not feeding into planning through the organisation: Coastal Community Profiles and Northland Regional Council Hazard mapping ○ 11. Consistent infrastructure risk assessment criteria to improve consistency and quality of climate risk assessments ● 4. Research participation: Improve local adaptation knowledge through local programmes and national and international research. ● 8. River flood risk assessment: Improve understanding of river flood risk under climate change and plan future river flood management programmes. ● 9. Māori adaptation impact assessment: Improve bi-cultural understanding of climate risks and consequences. ● 10. Iwi/hapū-focused adaptation: Enable iwi/hapū-led adaptation planning at appropriate scales. ● 14. Lifelines risk assessments: Improve understanding of long-term climate risks to lifelines infrastructure. Develop a lifelines utilities infrastructure risk assessment, working with Northland Lifelines Group <ul style="list-style-type: none"> ○ 31. Civil defence: Integrate civil defence and community adaptation planning objectives. ● NRC led Climate change scenario and risk assessment: <ul style="list-style-type: none"> ○ 16. Biosecurity risk assessment Improve understanding of climate change-driven biosecurity threats and develop monitoring and response programmes. ○ 17. Ecosystem and biodiversity risk assessment: Improve understanding of climate change impacts on biodiversity and ecosystem function and develop monitoring and response programmes. ○ 19. Coastal hazards Improve understanding of coastal hazards under climate change scenarios. ○ 20. Land hazard data: Improve understanding of land hazards under climate change scenarios. ○ 21. Wildfire hazard data: Improve understanding of wildfire risk under climate change scenarios. ○ 22. Coastal aquifers: Improve understanding of the impacts of sea level rise on coastal aquifers. ● 23. Community drought adaptation opportunities <ul style="list-style-type: none"> ○ Improve understanding of the impacts of drought on rural and community water supplies, and 2) identify opportunities to support community adaptation to drought. |
| <p>Reduce Emissions</p> | <ul style="list-style-type: none"> ● |
| <p>Adapt to climate change impact</p> | <ul style="list-style-type: none"> ● Region-wide coastal management policy ● Dynamic Adaptive Planning Process <ul style="list-style-type: none"> ○ Enabling-Coastal-Adaptation ○ Biodiversity ○ Cultural welfare ● Spatial planning district wide <ul style="list-style-type: none"> ○ 26. Spatial planning: Embed climate change risks and adaptation planning into strategic spatial plans. ● Soil maps ● 29. Coastal adaptation programme: Develop a programme of coastal adaptation planning projects aligned with community needs structure planning - staged implementation of infrastructure roll out/reaction to climate change ● 30. Coastal adaptation planning projects: Enable flexible, planned adaptation responses to coastal hazards by co-developing adaptation plans with communities. ● 32. Nature-based solutions: Promote nature-based solutions as interim hazard-reduction options for coastal impacts. ● 33. River flood management: Reduce flooding risk to communities through river management. ● 34. Coordinated flood risk management: Improve coordination between the District and Regional Councils in pluvial and fluvial flood management. |

| | |
|---------------------|---|
| | <ul style="list-style-type: none">• 35. Water tank assistance: Improve community water resilience through water tank programmes.• 36. Water resilience funding coordination: Improve coordination between agencies/organisations to improve water resilience outcomes |
| Regulate and govern | <ul style="list-style-type: none">• 27. Region-wide coastal management policy: Ensure integrated coastal management and adaptation objectives are met in region-wide policy.• 28. Embed community adaptation plans: Ensure community adaptation plans are embedded in regulatory instruments.• Council wide target picture (e.g. reduce emissions by / reduce cost by)• Environmental / Social / Governance Framework. |

6.3 FAR NORTH HOLDINGS LTD - THIRD QUARTER FINANCIAL REPORT

File Number: A3727235

Author: Janice Smith, Chief Financial Officer

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

TAKE PŪRONGO / PURPOSE OF THE REPORT

To present the Far North Holdings Limited (FNHL) third quarter financial report

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

This report is the third quarter report for the financial year 2021/22.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Far North Holdings Ltd - Third Quarter Financial Report.

TĀHUHU KŌRERO / BACKGROUND

In line with the Council resolution of 23 April 2020 in which Council resolved the following:

RESOLUTION 2020/21

Moved: Mayor John Carter

Seconded: Cr Dave Collard

That Council:

- a) accept the Half Year Report from Far North Holdings Limited:**
- b) request that future reports contain the following information.**
 - i) annual and Year to Date budget,**
 - ii) commentary on any significant variances, and**
 - iii) detail of significant income and expenditure, for example fees & charges and salaries to aid the shareholder understanding of the financial position.**

The March 2022 third quarter financial report is the third report received for the current financial year.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Despite constraints in the supply chain brought upon by Covid-19 and wet weather conditions, both of which are causing delays to the construction of the Ngawha Innovation and Enterprise Park, confidence remains strong for Stage 1 to open by the end of 2022. The Regent, NorthTec and Innovation Centre buildings are all under construction and the Corrections House building compound is awaiting resource consent. The search continues for other partner(s) to contribute horticultural expertise and/or equity investment.

The Kamo Road housing project has experienced delays and is now expected to open in May 2022.

The new partnership established to build 60 units on the former RSA site in Kaikohe is hoping for work to commence shortly, with the application for resource consent having been submitted.

Interest rate cover ratio represents how many times the company can pay its obligations using earnings – it improved from 2.29 at 31 March 2021 to 3.38 at 31 March 2022, but it slightly deteriorated from 3.4 at 31 Dec 2021.

Equity/asset ratio illustrates how the company pays for its assets, so the lower it is, the more debt the company has used to pay for them – it was deteriorated from 52.76% at 31 March 2021 to 51.9% as at 31 March 2022 and improved slightly from 52.4% at 31 Dec 2021.

Covid continues to hinder tourism in Northland, so rent relief is still being provided to the effected tenants, and further support is expected to be provided to those tenants that continue to be affected.

The Maritime projects have been successful, with the Hokianga projects all now completed available for use during the summer; the commercial wharves at Pukenui and Unahi are also complete; and the Bay of Islands Marina Boatyard has now been sealed, improving the environment for yard employees and marine tenants.

Operating surplus decreased from \$1,519k to \$1,372k between 31 Mar 2021 and 31 Mar 2022, a reduction of almost 10%, but compared to budget, it was reduced by 7% against the \$1,475k budgeted due to:

- Increase in Goods Sold, from \$1,506k to \$1,964k, 30% - due to higher-than-expected sales for fuel, boat painting and honey operations.
- Increase in Inventories, from \$1,204k to \$1,642k, 36.4% - this offsets the increase in Goods Sold above.
- Increase in Commission, \$9k budget to \$42k actual, 364% - due to high level of domestic demand for marina berths, for which FNHL receive a commission on each sale that is made.
- Reduction in Finance income, from \$5k budget to (\$2k) actual, 143% - due to reversal of finance charges to debtors through non-payment.
- Increase in Employee benefit expenses, \$2,655k budget to \$2,976k actual, 12% - due to additional staff to maintain the level of performance required to manage several high-profile projects and continued growth of FNHL. Also, a tight labour market and wage inflation has resulted in higher salaries, together with the living wage being adopted as a minimum wage.
- Reduced Director compensation, from \$136k budgeted to \$106k actual, 22% - only 4 directors are currently on the Board, however additional directors are being recruited.
- Increase in Donations from \$34k budget to \$65k actual, 93% - due to sponsorship for the R Tucker Thomson voyages that had been delayed due to Covid.
- Decreased direct expenses from investment property, \$1,211k budget to \$ 1,077k actual, 11% - largely due to maintenance work delays as a result of supply chain issues, and larger projects being prioritised.
- Reduced impairment of receivables, \$49k budget to \$13k actual, 74% - some debt that had been allowed to be written off was recovered.

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

The are no financial implications arising from this report.

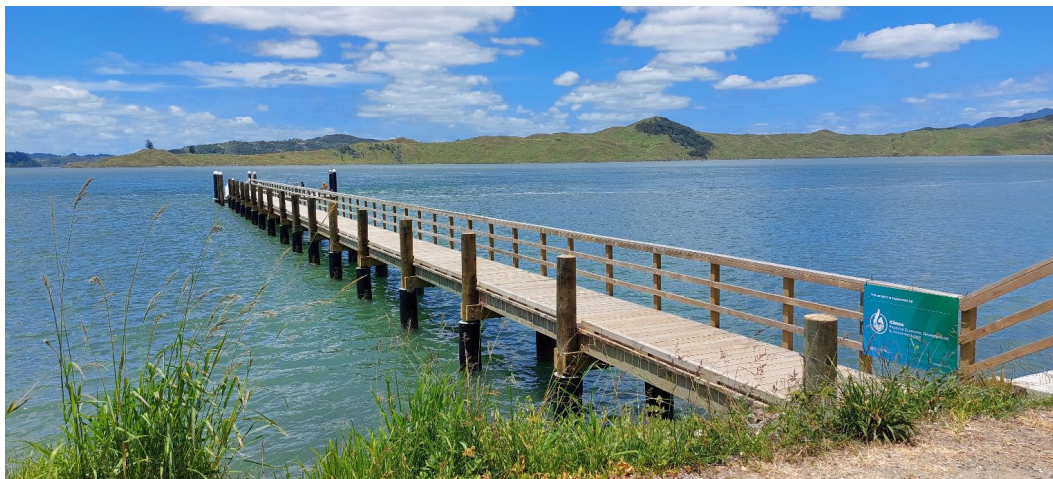
ĀPITIHINGA / ATTACHMENTS

1. **FNHL - Third Quarter Report 31 March 2022 - A3727230** [↓](#) 



Far North Holdings Limited

Third Quarter Report 2021/2022



1 July 2021 to 31 March 2022



Far North Holdings Limited

Third Quarter Report

For the 9 months ended 31 March 2022

In accordance with Part 5, Section 67 of the Local Government Act 2002 and Far North Holdings Limited ("FNHL") Statement of Intent for the three years to June 2024 the Directors hereby report on the activities of the company for the 6 months from 1 July 2021 to the 31 March 2022.

FNHL's Statement of Financial Position at 31 March 2022 and Statement of Financial Performance for the 9 months to 31 March 2022 are attached.

FNHL's financial performance is below budget as expected given the impacts of the global pandemic on New Zealand's economy, and our tenants. Despite this, FNHL continues to operate within its banking covenants with interest cover at 3.38 (minimum ratio of 1.5) and equity/asset ratio favourable at 51.9% (permissible ratio of 50%).

As Covid continues to hinder tourism in Northland, the company continues to provide rent relief to the effected tenants and continues to forecast reduced income from its tourism and hospitality related assets. Further support is expected to be provided to those tenants that continue to be affected by the pandemic over the coming months.

Given Covid uncertainty, and the economic outlook FNHL will continue to manage finances prudently whilst continuing to facilitate and develop commercial and infrastructural assets, and business growth in the Far North District.

Significant Variances

Significant variances are determined as variances over (+/-) \$25,000 and 10%.

Goods sold is above budget. This is attributable to the fuel sales, boat painting business and honey operations turning over higher quantities than expected. Inventories is also high and offsets this additional revenue.

Marina berth commission sales are higher than budgeted due to the high level of domestic demand for marina berths, for which FNHL receives commission on each sale that is made within Bay of Islands Marina.

Employee benefit expenses are higher than budget. FNHL has employed additional staff to maintain the level of performance required to manage multiple high-profile projects and continued growth of FNHL. A tight labour market and wage inflation has resulted in higher salaries, together with the adoption of a living wage policy for all employees as a minimum wage.

Director compensation is below budget with only 4 directors on the board. Additional directors are in the process of being recruited.

Donations are above budget due to current financial year including two years of sponsorship for our long-standing support of youth voyages on the R Tucker Thompson. The scheduling of their sailings had been delayed with Covid and they have now realigned the voyages to previous season timing.

Direct expenses from investment property are below budget. Some repairs and maintenance work has been delayed due to the difficulty getting materials and staff prioritising larger projects.

Impairment of receivables is below budget. This is due to the recovery of some debt that had been allowed as a write off.

Project Updates

Ngawha Innovation and Enterprise Park

Ngawha Innovation and Enterprise Park (NIEP) is advancing with Regent, Northtec and the Innovation Centre buildings all under construction and the Corrections house building compound is in for resource consent. The project, like most in the construction industry, is suffering from supply chain issues in respect of building materials which is creating delays in respect of the final completion dates, which is also compounded by wet weather. We remain confident that Stage 1 will be open by the end of 2022 and are closely managing project finances to deliver within budget.

The project team at Ngawha continue to look for businesses to become part of the Park to create and develop employment, collaboration opportunities and growth.

Kaikohe Berryfruit Limited, a partnership between Ngāpuhi Asset Holdings Ltd and FNHL, continue the search for another partner(s) to contribute horticulture expertise and / or equity investment. There has been strong horticultural interest and negotiations continue.

Community Housing Projects

FNHL's 18-unit community housing development in Kamo Road was affected by Covid lockdowns and has experienced delays with prefabricated units being constructed in Auckland. It is now completed, and the official opening will be held in May 2022.

FNHL has entered into a partnership with Te Hau Ora o Ngāpuhi (THOON) to build sixty units on part of the former RSA site in Kaikohe. The accommodation will be a mix of one, two and three bedroom units, set up in different configurations to cater for the disabled, the elderly and families with small children. The units are to be for short to medium term accommodation rather than permanent homes. FNHL will own 36 one bedroom units and THOON will own the remaining, with THOON managing the entire complex upon completion. Resource consent has been submitted and it is hoped to start on site in the third quarter of 2022.

FNHL is considering a multi-use social housing opportunity in Kaitaia. Consultation is underway to determine the most beneficial option to balance the needs of surrounding businesses whilst addressing significant housing shortage for the area.

Maritime Projects

The Hokianga maritime projects were completed and available for use during the summer period. These projects complete the upgrade of wharves at Te Karaka and Mangungu, the installation of a new pontoon at Motuti and the construction of a new concrete wharf at Rangī Point. The official opening was in February 2022.

The renewal of Pukenui and Unahi commercial wharves is now complete. These projects included demolition of the existing structures and construction of a replacement concrete wharf, new pontoons, wharf mooring piles, service berth, and seawall repairs.

FNHL is project managing the Mangōnuī Waterfront Development which includes extension of the waterfront boardwalk. The design includes dual walking and cycling boardwalks to connect the village with the harbour and the provision of a new jetty and pontoon to provide access to the water for recreational activities, including boating, fishing and swimming. The project is the culmination of five years of work by the Mangōnuī Waterfront Facilities Working Group that included input from Kenana Marae.

General projects

The rental car facility at Bay of Islands Airports being built for Avis Building Group is complete and operational. This project was for 44 car parks and a building. This will be a key benefit to the airport and will ensure additional choice for visitors to the Bay of Islands.

Bay of Islands Marina Boatyard has been sealed and has greatly improved the yard. There is less dust and residual contamination with the new filtration equipment. It is a significant environmental improvement to the yard and for the marine tenants.

FAR NORTH HOLDINGS LIMITED

STATEMENT OF FINANCIAL PERFORMANCE
For Nine Months Ended 31 March 2022

| | Actual | Budget | Budget vs Actual | | Actual |
|--|--------------------------------|--------------------------------|------------------|------------------|--------------------------------|
| | 9 months to 31-Mar-22 \$ | 9 months to 31-Mar-22 \$ | % | \$ | 9 months to 31-Mar-21 \$ |
| Goods sold | 1,963,927 | 1,506,366 | 30.4% | 457,561 | 1,678,563 |
| Services | 6,010,473 | 5,780,754 | 4.0% | 229,719 | 5,838,275 |
| Rental income | 2,754,731 | 3,043,305 | -9.5% | (288,574) | 2,839,527 |
| Recoverables | 481,007 | 487,863 | -1.4% | (6,856) | 500,361 |
| Commission | 41,739 | 9,000 | 363.8% | 32,739 | 25,000 |
| Other | 122,088 | - | | 122,088 | - |
| Finance income | (2,243) | 5,247 | -142.8% | (7,490) | 16,936 |
| Total Revenue | 11,371,723 | 10,832,535 | 5.0% | 539,188 | 10,898,662 |
| Employee benefit expenses | 2,975,633 | 2,654,840 | 12.1% | 320,793 | 2,698,475 |
| Director compensation | 106,370 | 136,656 | -22.2% | (30,286) | 96,025 |
| Corporate overheads | 413,442 | 399,303 | 3.5% | 14,139 | 352,625 |
| Donations | 65,000 | 33,628 | 93.3% | 31,372 | 67,613 |
| Other operating expenses | 2,073,607 | 2,023,492 | 2.5% | 50,115 | 2,373,989 |
| Direct expenses from investment property | 1,076,984 | 1,211,256 | -11.1% | (134,272) | 925,935 |
| Inventories | 1,642,184 | 1,203,552 | 36.4% | 438,632 | 1,332,283 |
| Impairment of receivables | 12,675 | 48,753 | -74.0% | (36,078) | 4,835 |
| Depreciation and amortisation | 636,565 | 655,101 | -2.8% | (18,536) | 589,885 |
| Finance expenses | 997,095 | 991,171 | 0.6% | 5,924 | 938,174 |
| Total Expenses | 9,999,555 | 9,357,752 | 6.9% | 641,803 | 9,379,839 |
| Operating Surplus | 1,372,168 | 1,474,783 | -7.0% | (102,615) | 1,518,823 |
| Income tax expense | - | - | | - | - |
| Profit/(loss) for the period | 1,372,168 | 1,474,783 | | (102,615) | 1,518,823 |

FAR NORTH HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

| | 31-Mar-22 | 31-Dec-21 | 30-Jun-21 |
|--|--------------------|--------------------|--------------------|
| Equity | | | |
| Share capital | 18,000,000 | 18,000,000 | 18,000,000 |
| Reserves | 9,524,802 | 9,573,689 | 10,031,991 |
| Retained earnings | 46,197,045 | 46,176,367 | 45,214,022 |
| | <u>73,721,847</u> | <u>73,750,056</u> | <u>73,246,013</u> |
| Current Assets | | | |
| Cash and cash equivalents | 28,792 | 31,573 | 87,282 |
| Trade receivables & prepayments | 3,318,797 | 4,672,997 | 3,837,729 |
| Inventories | 1,701,673 | 1,674,869 | 1,690,653 |
| Other investments | 578,352 | 573,768 | 573,768 |
| Properties intended for sale | - | - | 1,558,678 |
| | 5,627,614 | 6,953,208 | 7,748,110 |
| Non Current Assets | | | |
| Intangible assets | 100,000 | 100,000 | 100,000 |
| Biological assets | 1,184,150 | 1,184,150 | 1,184,150 |
| Property, plant & equipment | 26,920,114 | 25,545,547 | 25,413,261 |
| Investment properties | 106,200,860 | 104,879,920 | 100,409,919 |
| Investments in equity accounted associates | 1,232,203 | 1,232,203 | 1,232,203 |
| Loans | 665,000 | 665,000 | - |
| | 136,302,327 | 133,606,820 | 128,339,533 |
| Total Assets | 141,929,941 | 140,560,027 | 136,087,643 |
| Current Liabilities | | | |
| Current Loans | 10,500,000 | 10,500,000 | 1,671,240 |
| Payables, accruals and income in advance | 4,860,921 | 5,405,570 | 10,389,351 |
| | 15,360,921 | 15,905,570 | 12,060,591 |
| Non Current Liabilities | | | |
| Loans | 38,682,500 | 36,220,955 | 37,124,992 |
| Deferred tax liability | 3,334,213 | 3,334,213 | 3,428,132 |
| Income in advance | 10,830,459 | 11,349,233 | 10,227,914 |
| | 52,847,172 | 50,904,401 | 50,781,038 |
| Total Liabilities | 68,208,093 | 66,809,971 | 62,841,629 |
| | <u>73,721,847</u> | <u>73,750,056</u> | <u>73,246,014</u> |

6.4 PEOPLE AND CAPABILITY QUARTERLY UPDATE: 1 JANUARY - 31 MARCH 2022**File Number:** A3732103**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 January - 31 March 2022

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.

ĀPITIHINGA / ATTACHMENTS

1. **People & Capability Turnover Report 1 January to 31 March 2022 - A3695397** [↓](#) 



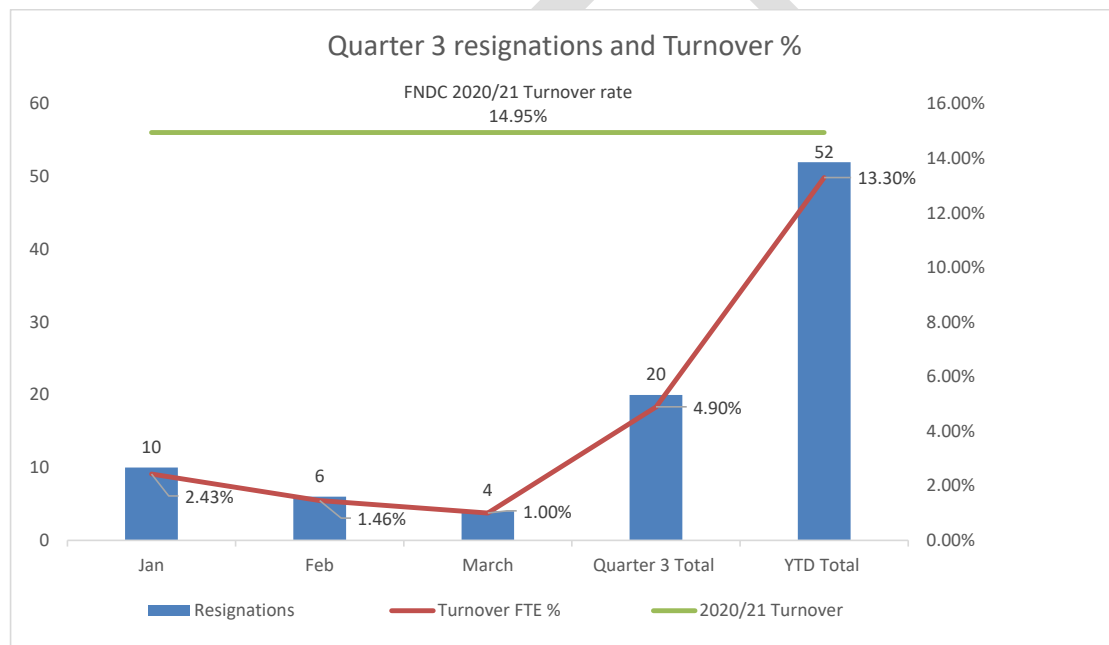
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 Memorial Ave, Kaikohe 0440
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 askus@fndc.govt.nz
 Phone 0800 920 029
 Phone 09 401 5200

People and Capability Report to Assurance, Risk and Finance Committee Period 1 January – 31 March 2022

Staff Turnover

During quarter three, there were twenty staff that left Far North District Council. This has resulted in a quarterly turnover rate of 4.90%. Our year-to-date turnover rate is currently 13.30%, comprised of 52 staff having left Far North District Council.

During quarter three there were a number of staff identified in high-risk roles who did not remain on as employees due to their COVID-19 vaccination status. These staff have not been included in the turnover rate. Further information on this is provided on page 5.



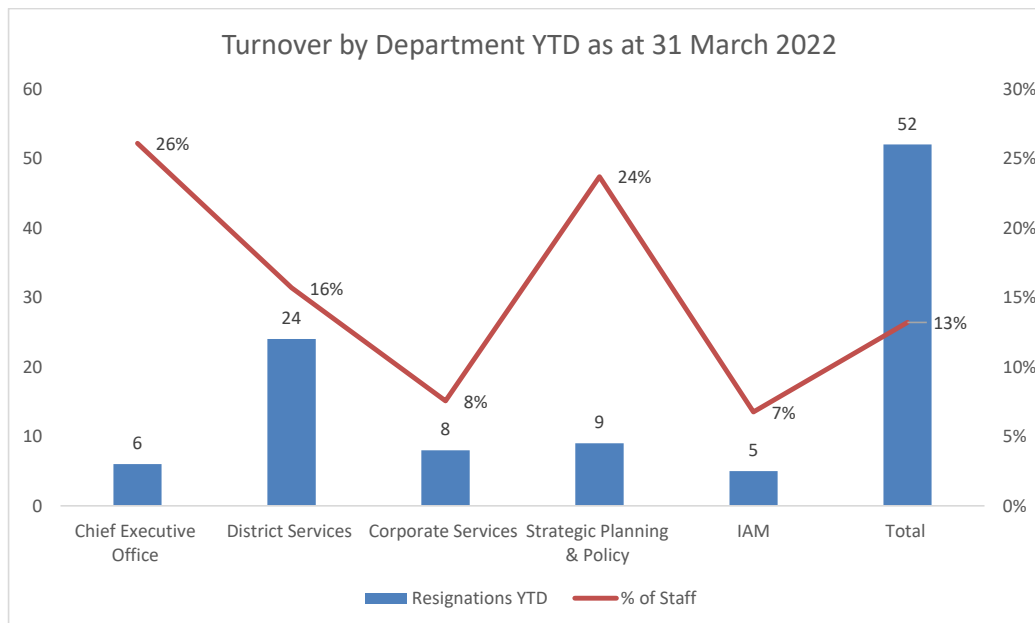
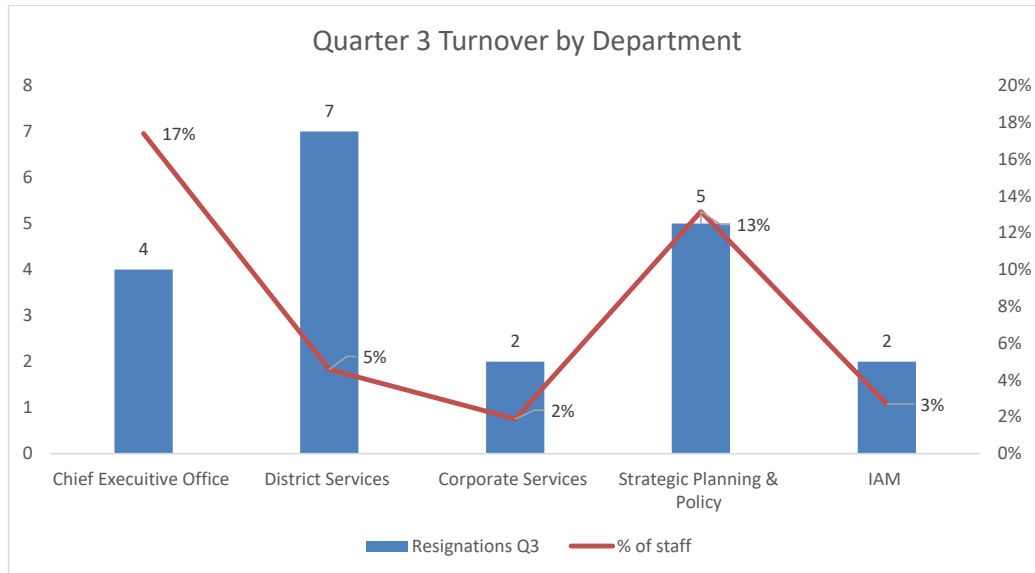
District Services team has seen seven staff members leave in quarter three. These resignations have been spread across all areas of District Services. We have seen three staff members leave the Community and Customer Care team, two in Resource Consents, one in Building Services and one in Animal Management.

The Infrastructure and Asset Management Team has seen two staff members leave from the from the Northland Transport Alliance.

Corporate Services had one team member from Financial Services and one from the District Administration Team.

Strategic Planning & Policy had one staff member from the Te Hono team leave and four from the Strategy Development Team.

Chief Executive Office has had a total of four resignations made up of three resignations coming from the People & Capability Team and one coming from the Communications Department.



Exit Interviews and Analysis

Of the twenty leavers from this period, three staff members have completed the exit survey. The total survey responses for this financial year is eighteen. The People and Capability Team are aware that the up take in Exit Surveys is low and because of this we have re-engineered the process to make it easier for staff to fill out the survey directly after they submit their exit form.

By using the year-to-date survey data the following findings have been identified.

Top reasons to leave FNDC;

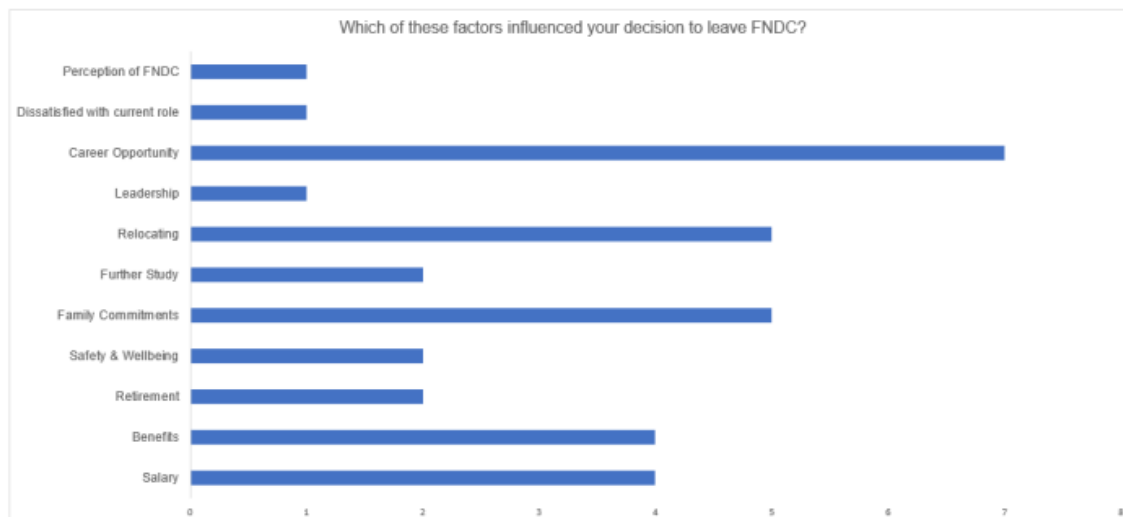
- Career Opportunity
- Relocating
- Family Commitments

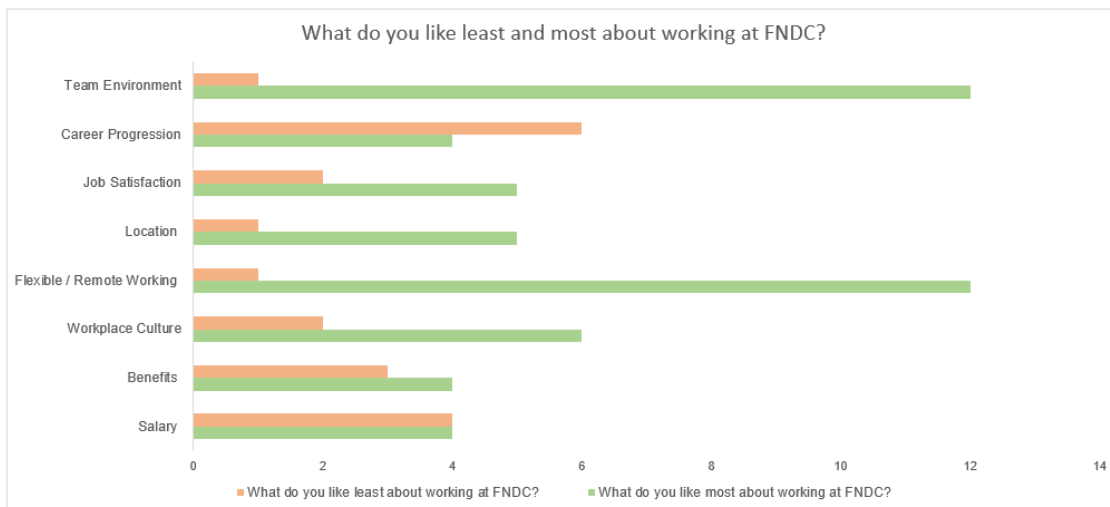
What staff liked most about working at FNDC:

- Team Environment
- Flexible/Remote Working
- Workplace Culture

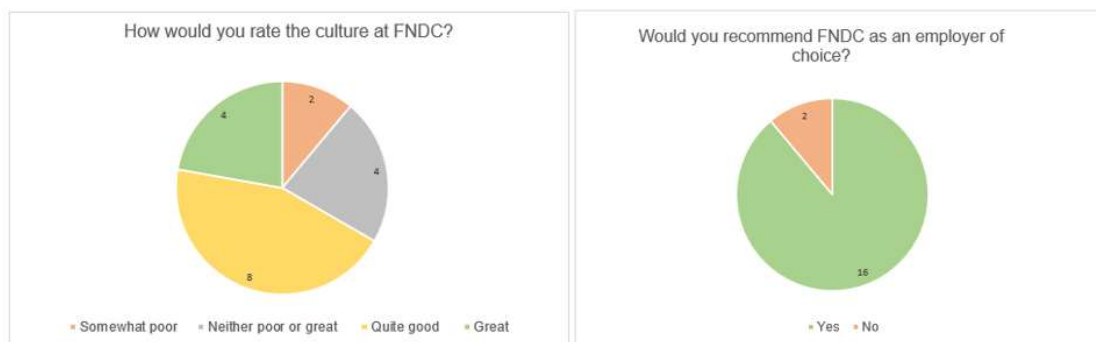
What staff liked least about working at FNDC:

- Career Progression
- Salary
- Benefits





It is pleasing to note that 89% of our departing staff members will recommend FNDC as an employer of choice, along with this 67% of survey responders rate FNDC's culture to be quite good or great.



COVID-19 High Risk Role Breakdown

FNDC's response to the COVID-19 mandates was to undertake a thorough risk assessment of all the roles at FNDC and to determine which ones were high risk, requiring vaccination. Of all the roles that were deemed high risk, there were 11 staff who were unvaccinated and stated their intention to remain so. Of these 11 staff, 4 were successful in redeployment within FNDC, 5 chose not to apply for any other roles and exited, with 1 who left FNDC for other reasons unrelated to the mandates.

Personal Grievances

There have been no personal grievances for this quarter.

Retention and Recruitment Issues

Quarter three has shown continuing issues around gaining suitable talent resulting in re-advertising roles specifically in IT, Resource Consents. It is still very evident that we share the nationwide struggle to fill roles in these areas. People & Capability are using premium advertising to include "Award winning hybrid remote working". We are also liaising with both SEEK NZ and Linked In to potentially use their premium offerings to engage with future talent.

Disciplinary Actions and Costs

During this period there has been two formal disciplinary processes which are resolved.

6.5 TAX GOVERNANCE FRAMEWORK AND POLICY

File Number: A3727308

Author: Janice Smith, Chief Financial Officer

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

TAKE PŪRONGO / PURPOSE OF THE REPORT

To present the Tax governance framework and policy to the Committee

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

The attached Tax Governance Framework and Policy has been developed with Council's tax advisors (PwC) to ensure that the Council's tax obligations are effectively managed and the protocol surrounding any issues identified are understood and the Committee advised.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Tax Governance Framework and Policy.

TĀHUHU KŌRERO / BACKGROUND

Council's tax advisors have provided a tax governance framework and policy to clearly articulate where the responsibility for management of Council's tax obligations lies.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The attached tax governance framework and policy details the levels of responsibility for tax matters within Council. It clearly articulates the steps that should be taken if tax issues arise, who can manage those and when support from Council's tax advisors should be sought.

A full tax compliance audit will be undertaken in June 2022. It was planned to occur in January, but due to COVID restrictions, this has been delayed.

A report on the findings from the review will be presented to the Committee in due course.

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

The tax compliance audit will be funded from existing budgets

ĀPITIHINGA / ATTACHMENTS

1. FNDC Tax Governance Framework and Strategy - A3727290 [↓](#) 

Far North District Council

Tax risk governance framework

For adoption by the Audit, Risk and Finance Committee

May 2022



1. Purpose

This document establishes the tax governance framework and strategy (**Appendix One**) for Far North District Council (FNDC).

1.1 Background

FNDC has a high public profile. As such, FNDC must maintain exemplary governance and tax compliance standards.

Although FNDC is largely exempt from paying corporate income tax, it is required to correctly account for Goods and Services Tax, Fringe Benefit Tax, PAYE, and a range of other withholding taxes. These taxes make up a significant portion of the New Zealand Government's annual tax take. Accordingly, the tax obligations of FNDC cannot be taken lightly.

Inland Revenue has signalled its expectation that all large organisations should have tax risk management incorporated within their governance framework. This is consistent with international best practice; tax authorities in foreign jurisdictions, including Australia and the United Kingdom, have been advocating this approach is taken by large Public and Private sector organisations.

1.2 Risk management

The Audit, Risk and Finance Committee is, along with other responsibilities, tasked to:

- Assist the Chief Financial Officer (CFO) to determine FNDC's appetite or risk.
- Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of FNDC's significant risks.
- Consider whether appropriate action is being taken by management to mitigate FNDC's significant risks.
- Ensure that management is kept apprised of FNDC's governance body's views on uncontrolled risk.
- Ensure management are keeping the Audit, Risk and Finance Committee fully apprised of all independent sources of assurance, via the risk management framework.

Proactive tax risk management can facilitate mitigation of:

- Operational risk – by way of reducing the potential for reputational damage befalling FNDC as a result of non-compliance, and the possible negative impacts on various stakeholders, such as employees and suppliers.
- Financial risk – through minimising the financial impact of non-compliance, and the costs associated with over- or under-paying tax by FNDC.
- Compliance risk – in terms of ensuring areas of non-compliance are identified, thereby minimising any penalties or interest being imposed by Inland Revenue and reducing the risk of FNDC being subject to an Inland Revenue audit.

2. Tax risk profile

FNDC has an obligation to fulfil its tax compliance obligations as required by tax legislation, including the Income Tax Act 2007, KiwiSaver Act 2006, Goods and Services Tax Act 1985 and Tax Administration Act 1994.

Given the high profile and public nature of FNDC, there is a need to adopt a conservative approach towards tax compliance. Accordingly, FNDC will adopt a "LOW" tax risk profile such that it has an open and honest working relationship with Inland Revenue.

3. Tax risk management strategies

The following strategies will be adopted by FNDC to ensure that it maintains a low tax risk profile and effectively manages its tax obligations and potential tax risks.

FNDC will develop a tax risk management plan to be formally adopted by the Audit, Risk and Finance Committee – **see Appendix One**. The plan will be reviewed *at least* every three years. The plan will:

- Identify key areas of tax compliance risk that are faced by FNDC.
- Establish the steps required to effectively manage or mitigate each risk area.
- Provide clear and realistic time frames to carry out the steps.

3.1 Responsibility for tax issues

The CFO has overall responsibility for the management of the tax issues of FNDC. As appropriate, the CFO may delegate responsibility for tax issues to another appropriately qualified person.

The CFO has overall responsibility as the myIR account owner for FNDC. The CFO is responsible for administering and maintaining staff delegations and permissions of myIR login accounts and for ensuring delegations are updated as and when staff leave or join the organisation.

3.2 Reporting tax risks to Audit, Risk and Finance Committee

Any 'significant tax risks' will be reported in the first instance to the CFO as soon as they are identified and where appropriate, to the chair of the Audit, Risk and Finance Committee within two weeks of being identified.

A 'significant tax risk' to FNDC may include, but is not limited to, a circumstance where an incorrect interpretation is made that results in a situation where:

- Penalties and interest could be imposed against FNDC.
- A tax liability is required to be settled that is in excess of \$20,000.
- FNDC could be subject to prosecution.
- An accusation of tax avoidance could be levied.
- There is risk of negative publicity.

FNDC will report on all tax risk management matters to the Audit, Risk and Finance Committee at least once a year. As part of that report, a summary should be prepared and presented to the Audit, Risk and Finance Committee setting out key issues, and may include the following:

- Key financial information including any outstanding taxes due, and any interest or penalties imposed during the year.
- Particulars of any proposed legislative tax changes which could impact on FNDC.
- Details of any significant outstanding taxes in dispute with Inland Revenue.
- Details of advice sought and future matters to consider.
- A table of tax tools and services used and whether each aligns with FNDC's 'LOW' risk tax profile; i.e. Strategy vs Achievement.

3.3 Tax awareness and training

FNDC will ensure that all relevant staff are provided with adequate training and resources to effectively identify and manage its tax obligations and risks. Where appropriate, this may involve sending selective staff on external courses or engaging an external speaker to conduct in-house training.

3.4 Meetings and correspondence with Inland Revenue

FNDC will endeavour to maintain strong working relationships with Inland Revenue, other government bodies, and related third parties. All dealings with external parties will be undertaken in a professional and timely manner.

Apart from routine PAYE, FBT and GST returns and payments, all other correspondence, meeting requests or queries from Inland Revenue must be immediately referred to the CFO. The CFO is the only person authorised to correspond or meet with Inland Revenue to discuss the tax matters of FNDC – although they may delegate this responsibility to others where appropriate.

3.5 Tax advice and rulings

FNDC will maintain detailed information and computations supporting all tax return filing positions. If there is any uncertainty in respect of a filing position where the amount of tax exceeds \$20,000, FNDC will seek written advice from external tax advisors.

In some instances, the degree of uncertainty over a particular tax issue may warrant seeking a Binding Ruling from Inland Revenue. No approach should be made for a Binding Ruling without the prior approval of the CFO. However, the CFO may obtain agreement from the Audit, Risk and Finance Committee if considered appropriate.

3.6 Tax returns and payments

FNDC will file all returns and pay any resulting tax liability on, or before, the stipulated due dates. When preparing and filing tax returns, FNDC will be transparent, and fully disclose all relevant information supporting a tax position in a tax return. FNDC will only adopt tax positions that are highly likely to be correct based on current law. Notwithstanding this, FNDC will endeavour to ensure that the most tax efficient position is adopted.

Any tax payments in excess of \$20,000 must be authorised by the CFO. However, the CFO may delegate this in accordance with FNDC's delegation authorities.

Tax payments must be supported by detailed tax computations and explanations which are initialed by the preparer and then countersigned by that person's superior prior to payment.

The CFO (or someone delegated by the CFO) will review FNDC's Inland Revenue accounts on a monthly basis to ensure that all returns have been assessed by Inland Revenue and payments have been allocated appropriately. Any unreconciled items will be reported to the CFO.

3.7 Filing and record keeping

In terms of the Tax Administration Act 1994, FNDC is required to retain tax records for several years. To assist in archiving and the subsequent retrieval of relevant tax records, FNDC will separately file each tax return and supporting computation and advisory correspondence based on the year of assessment and tax type.

In addition, FNDC will maintain a detailed index of the relevant tax files to enable their efficient retrieval should they be requested by Inland Revenue in later years. Specifically, the index should contain details relating to the file reference, relevant tax period, tax type, subject of the document on file and location of the file, and evidence of review by the CFO. This index should be maintained irrespective of whether the information is in electronic or hard copy format.

3.8 Regular reviews

The tax risks of FNDC potentially increase over time through a combination of personnel and legislative changes. To ensure the tax compliance procedures of FNDC are kept up to date and accurate, an independent external review of GST, PAYE/Withholding Taxes and FBT should be undertaken every three years. This review will tend to be undertaken in a 'rolling' format, with a different tax type being reviewed each year – see **Appendix One** for the proposed format of reviews.

3.9 Penalties and voluntary disclosures

Wherever possible FNDC should endeavour to minimise any penalties and Use of Money Interest. Accordingly, any tax discrepancies identified should be addressed and disclosed to Inland Revenue as soon as possible. Unless the discrepancy has been identified pursuant to a (current) tax investigation, FNDC (in consultation with the Audit, Risk and Finance Committee) should always consider making a Voluntary Disclosure as a means of minimising any potential penalties.

3.10 Tax policies

To assist staff with the day to day tax treatment of issues specific to FNDC and to ensure a consistent tax treatment of items across the organisation, FNDC may subscribe to PwC's Online Tax Policies. PwC maintains PAYE, GST, FBT, and KiwiSaver tax policies, and are regularly updated for legislative changes. These tax policies will provide an outline of common tax issues arising and how they should be treated in the various tax returns of FNDC.

4. Tax governance framework – adoption

| | |
|--|-----------|
| Tax Governance Framework – version 1.1 | |
| Approved: | |
| | |
| | |
| Name: | Name: |
| Position: | Position: |
| Date: | Date: |

Appendix One: Tax Risk Management Strategy

| Tax services | Financial Year Ended | | | | |
|---|----------------------|--------------|--------------|--------------|--------------|
| | 30 June 2022 | 30 June 2023 | 30 June 2024 | 30 June 2025 | 30 June 2026 |
| Access to online tax policies | ✓ | ✓ | ✓ | ✓ | ✓ |
| Independent tax evaluations: | | | | | |
| • PAYE / Withholding taxes | ✓ | | | | |
| • GST | ✓ | | | ✓ | |
| • FBT | ✓ | | | | ✓ |
| • PAYE / KiwiSaver data analytics | | ✓ | | | |
| Annual report to Audit, Risk and Finance Committee on tax risk management | ✓ | ✓ | ✓ | ✓ | ✓ |
| External advice sought on major issues | As required | As required | As required | As required | As required |
| Tax training provided to staff | As required | As required | As required | As required | As required |

6.6 ASSURANCE, RISK AND FINANCE COMMITTEE ACTION SHEET UPDATE FOR JUNE 2022

File Number: A3672062

Author: Marlema Baker, Democracy Advisor

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.

WHAKARĀPOOTO 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 decisions made by the Assurance, Risk and Finance.
- Action sheets are also in place for Council and Community Boards.
- There are no outstanding or overdue actions for the Assurance, Risk and Finance.
- 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 for June 2022.

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. All actions for the Assurance, Risk and Finance 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. There are no outstanding or overdue actions for the Assurance, Risk and Finance. All actions for the Assurance, Risk and Finance Committee from 1 January 2020 have been completed.

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.

ĀPITIHINGA / ATTACHMENTS

Nil

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)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons 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 - 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 |
| 7.3 - FNDC Current Legal Action Potential Liability Claims Report | 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