

## NORTHLAND REGIONAL COUNCIL

# Agenda

For meeting to be held in Council Chambers,  
36 Water Street, Whangarei, on Tuesday, 26 November 2013,  
commencing at 1:00pm

**Recommendations contained in this committee agenda are NOT formal council decisions. Please refer to council confirmed minutes for resolutions.**

### OPEN MEETING

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**ISSUE: Receipt of Minutes of the Audit and Finance Committee Meeting – 30 July 2013**

**ID:** A594840

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Simon Crabb, Finance Manager

**Date:** 8 November 2013

**Summary** The purpose of this report is to receive the minutes of the Audit and Finance Committee Meeting held on 30 July 2013. It concludes with the recommendation that the committee receives the minutes.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input checked="" type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Report:**

The minutes are **attached**.

**Legal Compliance:**

Councils are required to keep minutes of proceedings in accordance with the Local Government Act 2002.

**Recommendation(s):**

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1. That the minutes of the Audit and Finance Committee Meeting held on 30 July 2013 be received.
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## **NORTHLAND REGIONAL COUNCIL AUDIT AND FINANCE COMMITTEE**

Minutes of the Audit and Finance Committee meeting  
held in the Council Chamber, 36 Water Street, Whāngārei,  
on Tuesday 30 July 2013, commencing at 1.00 pm

### **Present:**

Chairman, Bill Rossiter  
Deputy Chairman, Graeme Ramsey  
Councillors:  
Joe Carr  
Tony Davies-Colley  
Bronwyn Hunt  
Craig Brown  
Ian Walker

### **In Attendance:**

#### **Full Meeting**

Chief Executive Officer, Malcolm Nicolson  
GM – Finance and IT  
Programme Manager – Corporate Planning and Strategy  
Council Secretary

#### **Part Meeting**

Eriksen & Associates Managing Director,  
Jonathan Eriksen (left meeting 1.28pm)  
Creative Northland Regional Arts Development Manager,  
Laura Burns (left meeting 1.48pm)

The Chairman declared the meeting open at 1.00 pm.

### **Apologies (Item 1.0)**

#### **Moved (Carr/Rossiter)**

That the apologies from Councillor Bain for non-attendance be received.

#### **Carried**

### **Declarations of Interest (Item 2.0)**

The Chairman invited members to make declarations item-by-item as the meeting progressed. There were no declarations of conflict at this point.

## **Supplementary Items for the Audit and Finance Committee Meeting – 30 July 2013 (Item 3.0A)**

**ID: A556820**

**Report from General Manager – Finance and IT Lisa Aubrey.**

### **Moved (Brown/Rossiter)**

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987, the following supplementary items be received:

- 3.2A: Creative Northland – Annual Report 2012-2014 Business Plan
- 4.3: Offer to Purchase Freehold of Leasehold Property

**Carried**

## **Confirmation of Minutes – 28 May 2013 (Item 3.1)**

**ID: A553293**

**Report from General Manager – Finance and IT Lisa Aubrey.**

### **Moved (Rossiter/Brown)**

That the minutes of the Audit and Finance Committee meeting held on 28 May 2013 be confirmed as a true and correct record.

**Carried**

### **Matters arising from Item 3.1:**

Councillor Walker reiterated his concern at the meeting with regard to councillor representation on the CHART board.

*Supplementary Item 3.2A replaced the original agenda Item 3.2 and was addressed following Item 3.3 to allow for the attendance of Jonathan Eriksen representing Eriksen & Associates Ltd.*

## **Creative Northland – Annual Report 2012-2013 and 2013-2014 Business Plan (Item 3.2A)**

**ID: A554463**

**Report from Programme Manager – Corporate Planning and Strategy  
Shireen Munday.**

### **Moved (Ramsey/Hunt)**

That the report “Creative Northland – Annual Report 2012-2013 and 2013-2014 Business Plan” by Shireen Munday, Programme Manager – Corporate Planning and Strategy, dated 16 July 2013, be received.

**Carried**

**Matters arising from Item 3.2A:**

Councillor Ramsey clarified the relationship between Creative Northland and CHART as well as his role on the board of CHART.

Laura Woods duly noted the stipulation that Creative Northland reports must identify all projects outside Whāngārei to emphasise the region wide contribution.

*Item 3.3 was addressed prior to Supplementary Item 3.2A to allow for the attendance of Jonathan Eriksen representing Eriksen & Associates Ltd.*

**Community Investment Fund – Review of Investment Managers' Performance to 30 June 2013 (Item 3.3)**

ID: A553303

Report from General Manager – Finance and IT Lisa Aubrey.

**Moved (Hunt/Walker)**

That the report "Community Investment Fund – Review of Investment Managers' Performance to 30 June 2013", by Lisa Aubrey, General Manager – Finance and IT, dated 11 July 2013, be received.

**Carried**

**Matters arising from Item 3.3:**

Jonathan Erikson, Managing Director for Eriksen & Associates Ltd, was in attendance and tabled a summary on the performance of the four appointed fund managers. Key points included:

- June 2013 results
- Market returns
- The status of the economy
- The New Zealand dollar/Australian dollar exchange rate
- Concluding recommendations.

*Item 3.4 was addressed following Supplementary Item 3.2A to allow for the attendance of Jonathan Eriksen representing Eriksen & Associates Ltd.*

**Investment Schedule and Performance – Financial Report to 30 June 2013 (Item 3.4)**

ID: A555772

Report from General Manager – Finance and IT Lisa Aubrey, and Financial Systems Administrator Kym Ace.

**Moved (Rossiter/Hunt)**

That the "Investment Schedule and Performance – Financial Report to 30 June 2013" from Lisa Aubrey, General Manager – Finance and IT, and Kym Ace, Financial Systems Administrator, dated 23 July 2013, be received.

**Carried**

**Matters arising from Item 3.4:**

It was confirmed that a paper would be tabled at a future Audit and Finance Committee meeting detailing that it was at council's discretion to capitalise the Community Investment Fund and equally use the fund if a suitable project arose.

### **Financial Report to 30 June 2013 (Item 3.5)**

**ID: A554557**

**Report from Management Accountant Steve Goddard.**

#### **Moved (Walker/Brown)**

That the report "Financial Report to 30 June 2013" by Steve Goddard, Management Accountant, dated 24 July 2013, be received.

**Carried**

### **Regional Rates Collections 2012-2013 – District Council Reconciliation (Item 3.6)**

**ID: A553081**

**Report from General Manager – Finance and IT Lisa Aubrey.**

#### **Moved (Ramsey/Hunt)**

1. That the report "Regional Rates Collection 2012-2013 – District Council Reconciliations" from Lisa Aubrey, General Manager – Finance and IT, dated 17 July 2013, be received.
2. That the Rates Reconciliation Statement for the collection of the regional rates by territorial authorities for the financial year ended 30 June 2013 be received.

**Carried**

#### **Matters arising from Item 3.6:**

Attention was drawn to the fact that both the Chief Executive Officer and General Manager – Finance and IT were continuing to work on council's policy regarding bad debt provisions and would provide further advice to council.

It was stressed that the CEO had the full support of council to actively pursue collecting rates.

### **Northland Emergency Services Trust (NEST) Six Monthly Reporting for the Period Ending 30 June 2013 (Item 3.7)**

**ID: A552038**

**Report from General Manager – Finance and IT Lisa Aubrey.**

#### **Moved (Walker/Hunt)**

1. That the report "Northland Emergency Services Trust (NEST) Six Monthly Reporting for the Period Ending 30 June 2013" by Lisa Aubrey, General Manager – Finance and IT, dated 17 July 2013, be received.
2. That the final payment for the 2012/2013 financial year of \$100,184.52 plus GST be approved to be paid.
3. That a further payment of \$27,093.59 plus GST, being 23.44% of the rating arrears since collected, be approved to be paid.

**Carried**

## **Approval to Transfer Operational Expenditure to Capital Expenditure for Geotechnical Testing Equipment (Item 3.8)**

**ID: A533983**

**Report from Land and Rivers Senior Programme Manager Bruce Howse.**

**Moved (Hunt/Ramsey)**

1. That the report "Approval to Transfer Operational Expenditure to Capital Expenditure for Geotechnical Testing Equipment" by Bruce Howse, Land and Rivers Senior Programme Manager, dated 10 July 2013, be received.
2. That approval is given to transfer \$6,000 of operational expenditure to capital expenditure from within the existing land/rivers budget to enable purchasing of geotechnical testing equipment.

**Carried**

## **Legislative Compliance – Fourth Quarter 2013 (Item 3.9)**

**ID: A552040**

**Report from Policy Advisor Vibeke Wright.**

**Moved (Brown/Ramsey)**

That the report "Legislative Compliance – Fourth Quarter 2013" by Vibeke Wright, Policy Advisor, dated 16 July 2013, be received.

**Carried**

## **Forest Management Plan – Reporting Actual Performance Against Targets 2012-2013 (Item 3.10)**

**ID: A555143**

**Report from Finance Manager Simon Crabb.**

**Moved (Hunt/Walker)**

That the report "Forest Management Plan – Reporting Actual Performance Against Targets 2012-2013" by Simon Crabb, Finance Manager, dated 19 July 2013, be received.

**Carried**

### **Matters arising from Item 3.10:**

General Manager Finance and IT, Lisa Aubrey, undertook to provide a report to council following the next planned harvest, evaluating options to retain or dispose of the forestry block.

## **2012-2013 Statement of Service Performance Interim Year-End Report (Item 3.11)**

**ID: A554417**

**Report from General Manager - Planning and Policy Kathryn Ross.**

**Moved (Walker/Carr)**

That the "2012-2013 Statement of Service Performance Interim Year-End Report" by Kathryn Ross, General Manager - Planning and Policy, dated 19 July 2013, be received.

**Carried**

## **Business with the Public Excluded (Item 4.0)**

**ID: A554005**

**Report from General Manager – Finance and IT Lisa Aubrey.**

**Moved (Brown/Davies-Colley)**

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matter to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

<b>Item No.</b>	<b>Item Issue</b>	<b>Reason\Grounds</b>
4.1	Minutes of Confidential Meeting held 28 May 2013	The reasons for excluding the public are as stated in the minutes of the open section of that meeting.
4.2	Request for Approval to Purchase Freehold of Leasehold Property	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities (section 7(h)).
4.3 (Supplementary)	Offer to Purchase Freehold of Leasehold Property	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities (section 7(h)).

**Carried**

## **CONCLUSION**

The meeting concluded at 2.48 pm.



**ISSUE: Terms of Reference for the Audit and Risk Committee and Portfolios**

**ID:** A595723

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Chris Taylor, Council Secretary

**Date:** 13 November 2013

**Summary** The purpose of this report is to enable the Audit and Risk Committee to review its Terms of Reference and determine whether any amendments be recommended to full council.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input checked="" type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Background:**

At the 6 November 2013 Council Meeting it was resolved that:

1. That council adopts the Terms of Reference for the Audit and Risk Committee as outlined in Attachment 5, of Tabled Item 7.2 of the 6 November Council Meeting agenda, and all councilors are members of the committee.
2. That the Audit and Risk Committee review the Terms of Reference as a first order of business and recommend any changes back to council.

The Terms of Reference for the Audit and Risk Committee as adopted by council are included as **Attachment One**. Any agreed changes to the Terms of Reference will be subsequently recommended back to full council for adoption.

In addition to considering the Terms of Reference for the committee, the committee should consider any further the delegations, roles and functions the committee wants to recommend to council or to delegate themselves.

One key delegation that was not made at the 6 November 2013 was the delegation of the shareholder representative for Northland Port Corporation. This delegation of authority from council to make this appointment is within the Terms of Reference of the Audit and Risk Committee.

At the 6 November council meeting the council did make the following delegations:

- Councillor Dimery as the Risk Portfolio holder.
- Economic Development Portfolio – Working Party (Cr Sinclair, Cr Brown, Cr Carr) are the council's shareholder representative for Northland Inc. Limited with all necessary authority to represent the council's interests including but not limited to exercising the council's vote at Annual General Meetings and giving effect to council's shareholder resolutions.

The committee may consider that it should articulate and delegate or recommend to council the roles and functions of the risk portfolio holder and any additional roles and responsibilities that the working party should have in addition to the shareholder role for Northland Inc. Limited.

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are in accordance with section 32 of the Local Government Act regarding delegations and also in accordance with the council's decision-making process and sections 76-82 of the Local Government Act 2002.

This matter has been assessed against council policy and is deemed to be of low significance.

**Recommendations:**

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1. That the report "Terms of Reference for the Audit and Risk Committee" by Chris Taylor, Council Secretary, and dated 13 November 2013, be received.

2. That the amendments to the Terms of Reference for the Audit and Risk Committee as follows:

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be recommended to full council for approval.

3. That council appoints \_\_\_\_\_ as the council's shareholder representative for Northland Port Corporation and delegates all necessary authority to him to represent the council's interests including but not limited to exercising the council's vote at Annual General Meetings, nominating directors for appointment and giving effect to council's shareholder resolutions.

4. That the committee recommends to council that [*or delegates to*] the Economic Development Portfolio – Working Party (of Cr Sinclair, Cr Brown, Cr Carr) has the following council [*committee*] roles and functions:

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and delegations:

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5. That Councillor Dimery as the Risk Portfolio holder has the following committee functions:

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and delegations:

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## **DRAFT COMMITTEE TERMS OF REFERENCE**

### **Audit and Risk Committee**

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#### **Membership**

The Audit and Risk Committee (the committee) shall be comprised of all nine (9) councillors. The committee (or council) may appoint an independent member if the committee (or council) considers this necessary or desirable.

Chairperson: David Sinclair  
Deputy Chairperson: Paul Dimery  
Members: John Bain  
Dennis Bowman  
Craig Brown  
Joe Carr  
Graeme Ramsey  
Dover Samuels  
Bill Shepherd

#### **Quorum**

The quorum for meetings of the committee shall be five (i.e. a majority when the membership is uneven). Should the committee exercise its discretion to appoint an additional independent member then the quorum shall remain at 5 (i.e. half when the membership is even).

#### **Objective**

The objective of the committee is to provide independent assurance and assistance to the council and the Chief Executive on council's financial, health and safety, risk, reporting, control and compliance frameworks, and its external accountability responsibilities.

#### **Role and responsibilities**

To act as Council's audit, risk and compliance monitoring committee covering

- Risk Management
- The internal control environment
- Health and Safety
- Legislative and regulatory compliance
- Internal audit and assurance
- External audit
- Financial reporting
- Non-financial reporting against council's objectives and Long Term Plan targets
- Investment property and funds
- Shareholder responsibilities and the governance of responsibilities of council for its Council Controlled Organisations

The committee is directly responsible and accountable to the council for the exercise of its responsibilities. In carrying out its responsibilities, the committee must at all times recognise that primary responsibility for management of the council rests with the Chief Executive.

#### **Delegated Authority and functions**

The council authorises the committee, within the scope of its role and responsibilities, to:

##### **1. General**

- make decisions in accordance with the Terms of Reference
- obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of any employee, including the Chief Executive, at committee meetings;
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the council's expense;
- co-opt a person as a (non-voting) member of the committee to assist with special projects;
- recommend to council that additional members be appointed to the committee should it consider wider representation would be of assistance in performing its functions;
- appoint subcommittees to make recommendations to the committee on any matters of responsibility within the committee's Terms of Reference, and act in accordance with resolutions of the committee (in line with specific limitations) where there is urgency or special circumstance; and
- undertake such other functions as may be delegated by council from time to time.

## **2. Financial Management and Reporting**

*The committee's responsibilities are to:*

- a. Monitor and report the quarterly financial performance against budget.
- b. Make recommendations to council on any forecast variances against the Annual Plan.
- c. Determine the means of reporting financial reporting to council and the public.
- d. Write-off outstanding accounts where necessary.
- e. Approve the payment of funding (grants etc.) to external parties in line with
  - funding allocations made in the relevant Long Term Plan and Annual Plan (e.g. NEST, Northland Inc., Bird Recovery, CHART) and
  - any financial or other reporting requirements of council (e.g. NEST has bi-annual financial reporting as a condition of funding)
- f. Review the financial performance of all Council Controlled Organisations and Council Organisation.
- g. Maintain an overview of council's financial reserves to deal with unexpected financial contingencies.

## **3. Budgets and quality assurance**

*The committee's responsibilities are to:*

- a. Oversee the preparation of budgets from a governance perspective.
- b. Review quality assurance processes and practice to ensure adherence to statutory requirements and best practice.
- c. To approve transfers between Operational Expenditure and Capital Expenditure within existing activity and group of activity budgets.
- d. To approve transfer of budget between activities.

## **4. Risk management**

*The committee's responsibilities are to:*

- a. Review council's risk management framework, policy and associated procedures for effective identification and management of the council's financial and business risks, including fraud.
- b. Review the council's corporate risk register in line with the council's risk management framework, policy and associated procedures.
- c. Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
- d. Review the effect of the council's risk management framework on its control environment and insurance arrangements.

- e. Review whether a sound and effective approach has been followed in establishing council's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.
- f. Review council's fraud control plan and satisfy itself that the council has appropriate processes and systems in place to capture and effectively investigate fraud-related information.
- g. Review and monitor the council's policies and practices relating to sensitive expenditure.

## **5. Health and Safety**

*The committee's responsibilities are to:*

- a. Consider and review the council's health and safety management system, including receiving reports from management on the system and organisational wellness.

## **6. Internal audit**

*The committee's responsibilities are to:*

- a. Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors.
- b. Review the internal audit coverage and annual work plan, ensure that the plan is based on the council's risk management plan, and recommend approval of the plan by the council and Chief Executive.
- c. Advise the council on the adequacy of resources to carry out the internal audit, including completion of the approved internal audit plan.
- d. Oversee the co-ordination of audit programmes conducted by the internal and external auditors and other review functions.
- e. Review all audit reports and provide advice to the council/Chief Executive on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice.
- f. Monitor management's implementation of the internal auditor's recommendations.
- g. Review the internal audit charter to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place.
- h. Periodically review the performance and effectiveness of the internal auditor.

## **7. External audit**

*The committee's responsibilities are to:*

- a. Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors.
- b. Provide input and feedback on the financial statements and the audit coverage proposed by the external auditor, and provide feedback on the audit services provided.
- c. Review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations.
- d. Oversee the co-ordination of audit programmes conducted by the internal and external auditors and other review functions.
- e. Provide advice to the council on action taken on significant issues raised in relevant external audit reports and good practice guides.

## **8. External reporting/performance reporting**

*The committee's responsibilities are to:*

- a. Review and recommend to council the adoption of the Annual Report and Summary Annual Report, focusing particularly on:
  - i. any changes in accounting policies and practices;
  - ii. major judgemental areas;
  - iii. significant adjustments resulting from audit;
  - iv. compliance with financial reporting and other applicable standards;

- v. compliance with statutory requirements; and
- vi. other reports prepared by management for release to stakeholders, such as any summary financial reports.
- b. To review six month, nine month and full year statement of service reporting, focusing particularly on:
  - i. Ensuring reporting meets Auditor Guidance -4 –*The audit of service performance reports* to Local Government.
  - ii. the quality of the overall “story” the performance reporting tells;
  - iii. the reliability and accuracy of the reporting;
  - iv. the completeness of the reporting against the performance framework as outlined in the Long Term Plan; and
  - v. compliance with relevant legislation (in particular the Local Government Act 2002, Schedule 10).

## **9. Funding, Financial and Other Policies**

*The committee’s responsibilities are to:*

- a. Review and recommend to the council any changes required to council’s funding and financial policies including those required under Section 102 of the Local Government Act (LGA) 2002:
  - i. Revenue and Financing Policy
  - ii. Treasury Management Policy (incorporating Liability Management Policy and Investment Policy)
  - iii. Policy on Financial Contributions
  - iv. Charging Policy
  - v. Rating Policies, including rates relief, policies on remissions and policies on postponement of rates on Māori freehold land.
- b. Review and recommend to the council any changes to other policies required under LGA 2002, including, but not limited to the following:
  - i. Policy on Significance (LGA Section 90) and
  - ii. Policy on the Appointment of Directors to Council Organisations (LGA Section 57).

## **10. Investment Functions**

*The committee’s responsibilities are to:*

- a. Undertake the investment functions referred to in the Treasury Management Policy adopted within the current LTP. These functions include:
  - i. To review performance and compliance against council’s Treasury Management Policy (and its objectives) and reporting for the Community Investment Fund (Statement of Investment Policy and Objectives).
  - ii. To make recommendations to Council on any changes to the construction of investment portfolios, the Community Investment Fund Statement of Investment Policy and Objectives, the objectives and policies in the Treasury Management Policy, and investment management appointees.
  - iii. To recommend to the council policies and strategies for undertaking its commercial and investment activities.
  - iv. To oversee the administration, review and make recommendations on the council’s commercial assets and forestry activities and investment opportunities.
  - v. To approve the selling, leasing and acquisition of property consistent with council policy.

## **11. Legislative compliance**

*The committee’s responsibilities are to:*

- a. Determine whether management has appropriately considered legal and compliance risks as part of council’s risk assessment and management arrangements; and

- b. review the effectiveness of the system for monitoring council's compliance with relevant laws, regulations, and associated government policies.

## **12. Council Controlled Organisations and the Port**

*The committee's responsibilities are to:*

- a. Liaise with all Council Controlled Organisations, and Council Organisations and their subsidiaries in accordance with the requirements of the LGA 2002 and any relevant Trust Deeds, Constitution or other governance documents including:
  - i. To receive all Draft Statements of Intent (SOI) by 1 March each year;
  - ii. To consider Draft SOI and make any comments on behalf of council on the Draft by 30 April each year;
  - iii. To receive all final SOI by 30 June each year;
  - iv. To recommend to council any necessary modification to a Council Controlled Organisation's and Council Organisation's Statement of Intent
  - v. To appoint directors to Council Controlled Organisations /Council Organisations in accordance with the provisions of the LGA (2002), the council's Policy of the Appointment of Directors to Council Organisations and the relevant Council Controlled Organisation's or Council Organisation's governance documents (e.g. constitution/deed etc.)
  - vi. To review the financial performance of all Council Controlled Organisations and Council Organisations.
  - vii. To monitor actual performance of all Council Controlled Organisations and Council Organisations compared to key performance targets and other measures set out in the relevant LTP, Annual Plan and SOI; and
  - viii. To review any Trust Deeds, Constitution or other governance structures of all Council Controlled Organisations and to recommend any changes to the council as appropriate.
  - ix. To appoint council's shareholder representatives all of whom must be elected members for all Council Controlled Organisations and Council Organisations (for exercising council's shareholder responsibilities e.g. attending and voting at AGMs, appointment of directors etc.). Council's Shareholder representatives have delegated authority to act on behalf of the committee on all responsibilities contained in 12a.
- b. To appoint council's shareholder representatives for Northland Port Corporation (NZ) Limited with delegated authority to exercise council's shareholder responsibilities e.g. attending and voting at AGMs, appointment of directors etc.)

## **No Delegated Authority – Power to Act**

- 1) Does not have the powers of council to act in the following instances as specified by Clause 32 (1) of Schedule 7 of the Local Government Act 2002:
    - a) make a rate;
    - b) make a bylaw;
    - c) borrow money, or purchase or dispose of assets, other than in accordance with the current Long Term Plan or Annual Plan;
    - d) adopt a Long Term Plan, or Annual Plan or Annual Report;
    - e) appoint a Chief Executive; or
    - f) adopt policies required to be adopted and consulted on under this Act in association with a Long Term Plan or developed for the purpose of the Local Governance Statement.
-



**ISSUE: Far North District Council Collection of Regional Council Rates and Rate Arrears – Quarterly Update to 30 September 2013**

**ID:** A595172

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Simon Crabb, Finance Manager

**Date:** 12 November 2013

**Summary** The purpose of this report is to provide an update on the collection of outstanding rates in the Far North district. It concludes with the recommendation that the report be received.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input checked="" type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Background:**

The Far North District Council administers the collection of the Regional Council rates in the Far North district on our behalf. The purpose of this report is to provide an update on the collection of current rates and rate arrears owing to the Regional Council.

**Attachment One** is a report provided by Far North District Council on the collection of current rates and rate arrears for the period ending 30 September 2013.

A representative from Far North District Council will attend the committee meeting to answer any questions.

**Far North district rate arrears owing to council at 30 June 2013**

The following table shows the outstanding Far North district rate arrears balance at 30 June 2013 by rate type (Māori freehold land and general land).

Table One Total Far North District Council Rate Arrears Owed to the Regional Council (GST INC) at 30 June 2013							
	5 + Years	4 Years	3 Years	2 Years	1 Year	Current	Total
Maori Freehold Land	274,754	213,162	281,097	356,557	420,303	667,113	2,212,985
General Land	74,725	42,990	85,388	137,771	227,162	595,222	1,163,259
Variance	-	-	-	-	-	-	392
<b>Total</b>	<b>349,479</b>	<b>256,152</b>	<b>366,484</b>	<b>494,328</b>	<b>647,465</b>	<b>1,262,335</b>	<b>3,376,636</b>

At 30 June 2013 the Far North district had rates owing to the Regional Council of \$3.38M and the Regional Council had provided a provision of \$2.33M against these outstanding rates.

**Far North District Council current rates received**

The 2013-2014 Far North district rate strike is \$7.3M. To date we have received \$1.9M (26%) in current rates and \$156K in rate arrears. These payments include \$24K of penalty revenue. Further payments will be made in December 2013, March 2014 and June 2014 with a final wash-up paid in July 2014.

**Legal compliance and significance assessment:**

The activities detailed in this report are part of the council's day to day operations and as such are provided for in the council's 2012-2022 Long Term Plan, and as such are in accordance with the council's decision making process and sections 76-82 of the

Local Government Act 2002 in accordance with section 76 of the Local government Act, this matter is not considered to be significant.

**Recommendation:**

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1. That the report on Far North District Council Collection of Current Rates and Rate Arrears - Quarterly Update to 30 September 2013, from Finance Manager, Simon Crabb, dated 12 November 2013, be received.
-

**MEETING:** Northland Regional Council

**Name of item:** Revenue & Collections Quarterly Report

**30<sup>th</sup> September 2013**

**Author:** Cheryl Gavin-Young – Revenue & Collections Manager

**Date of report:** 21<sup>st</sup> October 2013

**Document number:** A1404506

### **Executive Summary**

The purpose of the report is to provide quarterly reporting to Northland Regional Council on action to collect Rate Arrears and Current Rates and to provide information on how collection is tracking against targets.

## **1) Discussion**

### **Proactive Initiatives**

Where an arrangement for payment is put in place, Council facilitates a rates easy pay service where ratepayers that have fallen behind in their rates can pay arrears over 2 years via direct debt.

Council preferred option of payment for all Ratepayers is by Direct Debt. As at 30 September 2013 24.4% of ratepayers paid via direct debt.

Continued attendance with Community groups including Disability Services, Budgeting Services, Age Concern Expo and Te Runanga A Iwi O Ngapuhi to name a few is aimed at increasing the awareness of the rates rebate scheme and our services.

### **Remission Applications**

Council's remission policies are designed to recognise the unique nature of the Far North with its significant areas of unoccupied Maori freehold land. Overall the policies address issues of financial hardship and the protection of areas of land with particular conservation or community values.

<b>Policy Name</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Maori Freehold Land Remissions	476	712	786
Charitable or Community Organisations	26	38	38
Remission of Rates on Land Partially in District	1	2	2
Contiguous Properties	727	875	878
Conservation Property	180	178	175
<b>Total</b>	<b>1410</b>	<b>1805</b>	<b>1879</b>

**NB** - Maori Freehold Land Remissions are renewed every three years, on application. Current figures do not include applications received and not yet processed.

### **Mortgage Demands**

For ratepayers with a mortgage on their title, a notice to the ratepayer requesting full payment is sent. If payment or payment arrangements are not made, a demand is placed to the mortgagor to make the payment.

### **Baycorp New Zealand**

Baycorp New Zealand provides the Debt Management Team with weekly Status Reports.

- Council has 118 General Title Rate Accounts loaded with Baycorp as at 30 September 2013 with \$12,217.40 (NRC) being receipting for the first quarter of 2013/2014

### **Legal Action**

Accounts in legal pursuit are presently 2 General Title and 1 Maori Freehold title properties with Law North. Law North has been successful with 1 account to date.

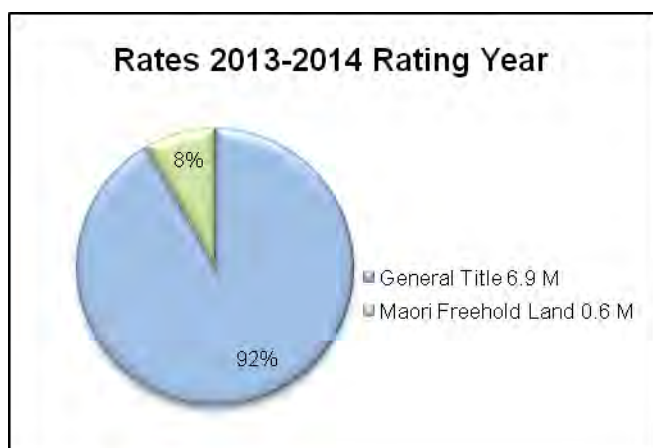
### **Non Action**

Project work has been conducted to ascertain properties where no action is able to be taken. The 149 accounts identified have been predominantly assessments where the status of land requires clarification, possible deceased estates or out-dated data. These assessments are typically abandoned land requiring notification before recovery through rating sales.

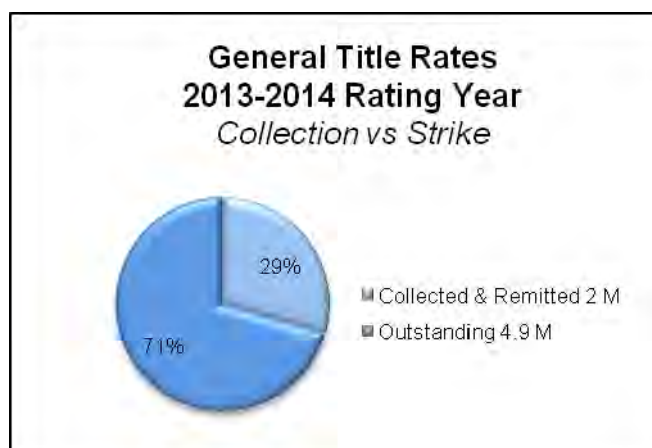
### **Recovery of Rates for Maori Freehold Land**

A review of the Te Ture Whenua Maori Act 1993 is currently underway. On 3 June 2012 the Associate Minister of Māori Affairs announced the formation of an independent panel of experts to review Te Ture Whenua Māori Act 1993 with a view to unlocking the economic potential of Māori land for its beneficiaries, while preserving its cultural significance for future generations. Staff will continue to monitor the review process having already made a submission.

## Collection Data:



This graph shows the percentage of General Title Rates and Maori Freehold Land Rates struck for the 2013-2014 Rating Year



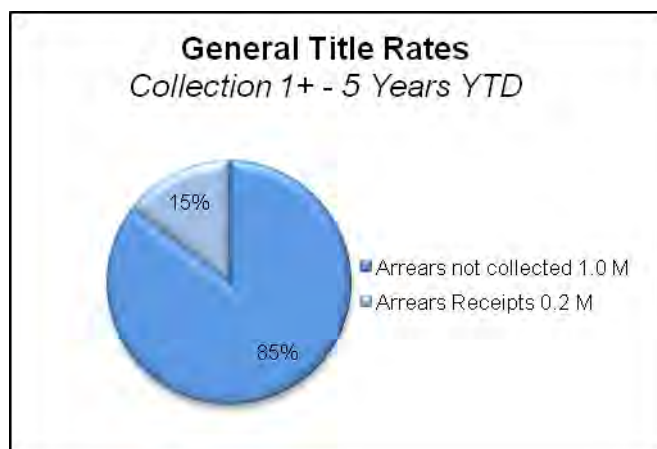
This graph shows the percentage of General Title Rates collected and remitted and outstanding for the 2013-2014 Rating Year



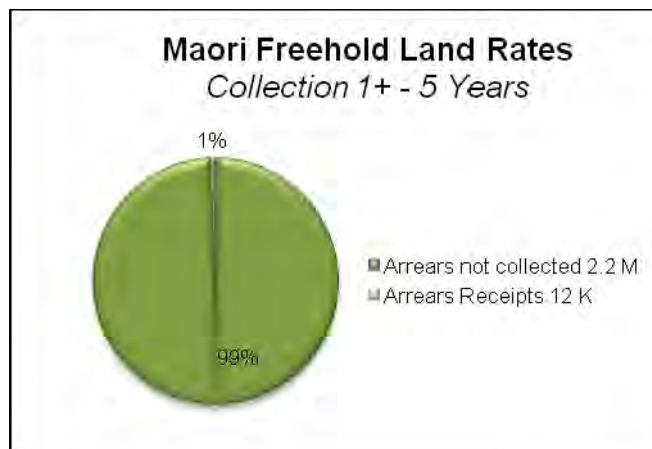
This graph shows the percentage of General Title Rates and Maori Freehold Land Rates unpaid for previous Rating Years



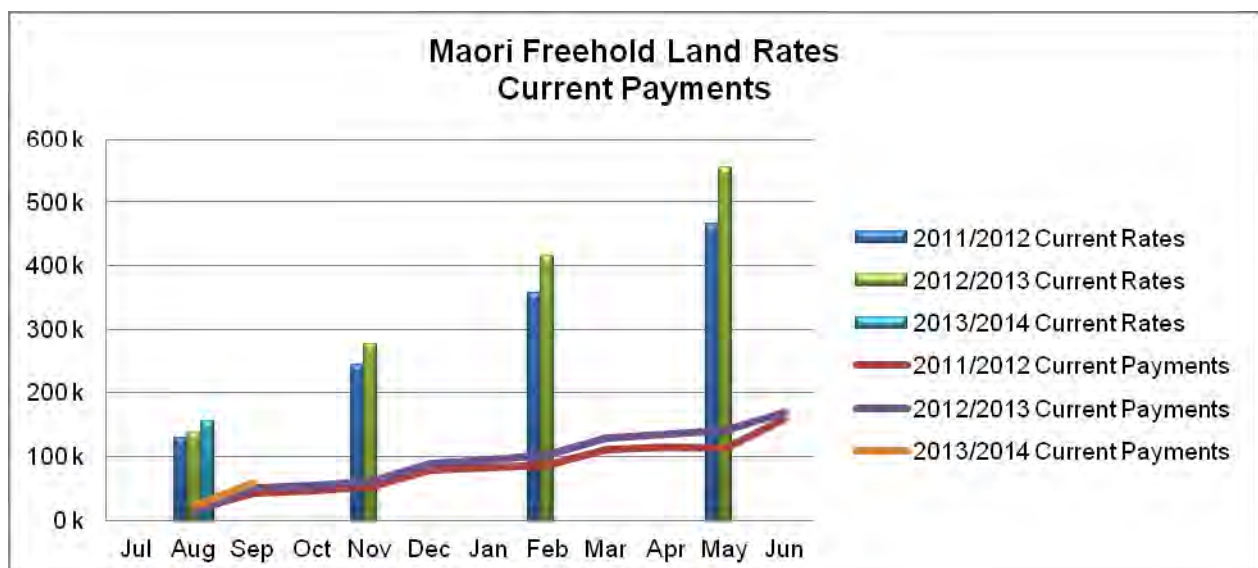
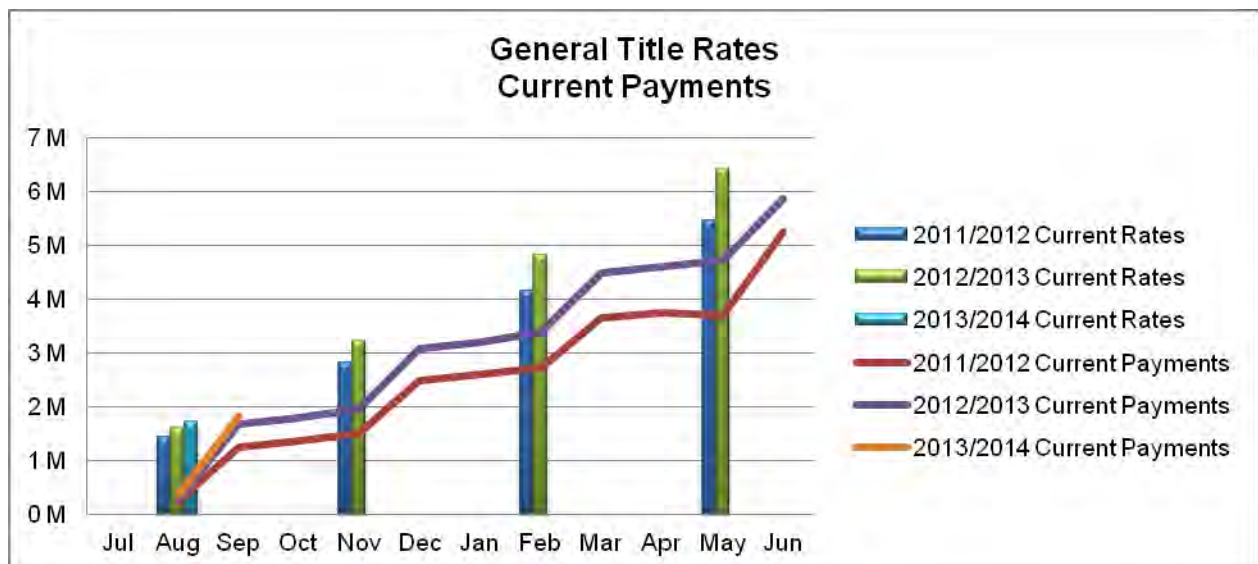
This graph shows the percentage of Maori Freehold Land Rates collected and remitted and outstanding for the 2013-2014 Rating Year



This graph shows the percentage of General Title Rates not collected and collected for previous Rating Years



This graph shows the percentage of Maori Freehold Land Rates not collected and collected for previous Rating Years



**ISSUE: Northland Inc. Quarterly Reporting Against Statement of Intent (SOI) and Financials**

**ID:** A593977

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Kathryn Ross, General Manager Planning and Policy and Simon Crabb, Finance Manager

**Date:** 4 November 2013

**Summary** The purpose of this report is to present Northland Inc. Limited's financial statements and non-financial progress against its SOI and governance review for the first quarter to 30 September 2013. It concludes with the recommendation that this report be received.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Background:**

An important part of the accountability framework for council controlled organisations (CCO's) such as Northland Inc. Limited is the requirement under the Local Government Act 2002 to prepare a Statement of Intent. The purpose of the Statement of Intent (SOI) is to provide:

- a public statement of the activities and intentions of the CCO for the year, and the objectives those activities contribute to;
- an opportunity for the council to influence the direction of the CCO;
- a basis for the CCO governing body to be accountable to the council for the CCO's performance.

Northland Inc. Limited delivered SOI for the period 2013/14-2015/16 to council on 26 June 2013 in accordance with the requirements of the Local Government Act 2002 (LGA) (Schedule 8, clause 3(b)).

Council then required Northland Inc. Limited to modify its SOI at its 11 July 2013 meeting and carry out an effectiveness' and efficiency review (of the whole organisation – management and governance as well as specific projects and activities).

The reason for the modification was that council was concerned that Northland Inc. Limited had not recognised resource limitations and needed to focus on a small number of priorities and strategic interventions, namely business case assessments, business readiness, and attracting business, projects and inward investment.

The SOI sets out performance targets (including outputs/deliverables) but does not include a budget (and is not legally required to). The budget and Northland Inc. Limited's Business Plan is provided as part of the first quarterly report to council for the current financial year.

Council has also agreed to meet ongoing financial obligations and commitments arising from the implementation of the 2013/2014 SOI and has required Northland Inc. Limited to seek specific approval from council prior to becoming contractually liable to any financial commitments or obligations that extend beyond 30 June 2014. This includes any multi-year contracts, finance and operating leases. In addition Northland Inc. Limited must provide monthly financial reports to council to enable council to monitor its financial status.

#### **Financial update**

**Attached** are the following financial reports supplied by Northland Inc. Limited:

- Brief commentary explaining the year to date financial results to 30 September 2013 (**appendix one**).
- Northland Inc. - Profit & Loss Budget Report to 30 September 2013 (**appendix two**).
- Northland Inc. - Balance Sheet Statement to 30 September 2013 (**appendix three**).
- Northland Inc. – Cashflow 2013-2014 (**appendix four**).

In the 2013-2014 Annual Plan council agreed to provide Northland Inc. Limited up to \$1M funding from the Investment and Growth Reserve and a further \$100K funding from rates.

Council provides Northland Inc. Limited their funding in quarterly instalments paid in advance and at the end of September 2013 council had paid its first quarter payments of \$250K from the Investment and Growth Reserve and \$25K funded from rates. The second quarter instalments of the same amounts were paid to Northland Inc. Limited in October 2013.

The Northland Inc. Limited financial report for the three months to 30 September 2013 is showing a net operating deficit of \$75 thousand against a budgeted deficit for the year to date of \$140 thousand. The forecasted year end operating result is in line with budget.

The actual September closing cash balance is well behind the forecasted September closing balance. This shortfall places significant pressure on the organisations cashflow management for the remainder of the financial year.

#### **Reporting against Statement of Intent (SOI)**

**Attached** are Northland Inc. Limited's non-financial reports against the SOI, including the modification that has been made, and governance improvement initiatives.

- Progress Report against SOI to 30 September 2013 (**appendix five**) including:
  - First quarter report against SOI targets to 30 September 2013;
  - Report against modifications required by council to 30 September.
- Improving Governance actions as at October 2013 (**appendix six**).
- Regional Business Partnership report to 30 September 2013 (**appendix seven**), which is referred to in appendix five.

Staff have reviewed the material supplied and note that council has instructed that the hosting of the secretariat for the NIF co-coordinator cease immediately (and that it transfer back to council). This has not occurred yet and discussions with NIF are occurring about whether another NIF partner is a suitable host. Northland Inc. Limited consider that the hosting of the NIF coordinator is largely cost neutral and offers the



benefit of working with NIF and guiding it on skills development as part of the economic development strategy for Northland (which Northland Inc. Limited is not in a position to deliver currently).

Northland Inc. Limited will be available to speak to these reports. It is anticipated that in light of the company's current cashflow issues that a request for funding may be made. At the time of drafting this report no request had been presented to council.

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are part of council's routine operations and oversight of its Council Controlled Organisation. They are consistent with council decisions made during deliberations of the Long Term Plan 2012-22, and as part of the Annual Report and receipt and modification of Northland Inc. Limited's SOI and as such are in accordance with council's decision making process and sections 76-82 of the Local Government Act 2002 and are of low significance.

The council has delegated assurance and oversight of the SOI, reporting and matters to do with Northland Inc. Limited to the Audit and Risk Committee.

**Recommendation:**

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1. That the report Northland Inc. Limited Reporting Against Statement of Intent (SOI) and Financials, from Kathryn Ross, General Manager Planning and Policy and Simon Crabb, Finance Manager, and dated 4 November 2013, be received.
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## Report to NRC

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**Report By:**

David Wilson

**Dated:**

6/11/2013

**Subject:**

## Financial

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**Attached** are the following reports;

### **1.0 Financial Reports**

#### **1.1 Profit & Loss Budget Performance to September 30, 2013**

Report Summary;

Revenue is tracking against budget.

Expenditure is under budget by \$64,965;

➤ **Wages:**

- Business Grow wage actual surplus is a timing issue.
- Sectors wage actual is due to staff wash up.
- Tourism wage actual is due to contractors rate being higher than budgeted salaries and extra cover for Paihia office.

➤ **Overheads are under budget by \$10,564,**

The surplus in Subscriptions is a timing issue. Electricity is carrying a credit from June 2013 and is expected to be expended in October.

Over budget items;

- Audit extra costs relating to June 2013.
- IT Support – extra work to decommission/transfer data from laptops due to staff changes.
- Meeting Expenses – NEAG catering.
- Telephone – timing.
- Travel Costs – Includes CEO & Bus Grow staff flights to WLG for meetings.

- Vehicle Costs – Includes Interim CEO travel charge and \$855 in repairs to owned vehicle.
  - Stationery – timing.
- Project Expenses are under budget \$51,039 which is due to timing.  
Over budget items;  
Consultant – mileage for contractor was not included in the budget.

Overall Summary;

Revenue is tracking against budget, expenditure is tracking under budget.

### **1.2. Profit & Loss Budget Performance Year End Forecast 2013**

Report Summary;

Revenue & expenditure is expected to track against budget.

Overall Summary;

Pressure on expenditure is expected during the year, internal processes have been tightened, unbudgeted items will be the subject of Board approval.

### **1.3 Balance Sheet as of September 30, 2013**

Notes are detailed on the report.

### **1.4 Cash flow to October 31, 2013**

The cash flow reflects actuals against forecast to 31 October 2013. The pressure on cash flow from the previous year's deficit has proved challenging. The organisation continues to experience cash flow management difficulties and is looking at ways to best solve this issue.

## **Recommendation**

- The Balance Sheet as of September 30, 2013 are accepted.
- The Profit & Loss Budget Performance to 30 September 2013 & Year End Forecast are accepted.
- The Cash Flow forecast to October 31, 2013 are accepted.

	Jul '13	Sep 13	YTD Budget	Variance	Year End Forecast Est	Annual Budget	Variance	Notes
Ordinary Income/Expense								
Income								
Project Income								
Callaghan Innovations	14,375		14,375	0	57,500	57,500	0	
Far North Holdings	27,500		27,500	0	55,000	55,000	0	
MSD	5,000		5,000	0	5,000	5,000	0	
Kaipara District Council	0	0	0	0	10,000	10,000	0	
Far North District Council	5,114		5,000	114	5,114	5,000	114	
Industry	430		0	430	73,000	73,000	0	
NRC	280,000		280,000	0	1,105,000	1,105,000	0	1 includes NIF
NZTE	43,125		43,125	0	172,500	172,500	0	
Tourism NZ	6,233		7,500	-1,267	30,000	30,000	0	2 timing
Whangarei District Council	25,000		25,000	0	110,000	110,000	0	
<b>Total Project Income</b>	<b>406,776</b>		<b>407,500</b>	<b>-724</b>	<b>1,623,114</b>	<b>1,623,000</b>	<b>114</b>	
<b>Total Income</b>	<b>406,776</b>		<b>407,500</b>	<b>-724</b>	<b>1,623,114</b>	<b>1,623,000</b>	<b>114</b>	
Expense								
Depreciation	3,730		5,207	-1,477	19,351	20,828	-1,477	3 sale of oldest vehicle
Wages								
Investment	9,500		9,500	-0	57,000	57,000	0	
Business Grow	37,612		45,003	-7,391	180,008	180,008	0	4 timing
Sectors	25,345		24,782	563	25,345	24,782	563	
Tourism	63,228		59,029	4,200	236,114	236,114	0	5 contractors vs budgeted salaries & extra cover
Corporate	43,497		43,451	46	238,327	238,304	23	
Interim CEO	21,500		21,500	0	21,500	21,500	0	
<b>Total Wages</b>	<b>200,682</b>		<b>203,265</b>	<b>-2,583</b>	<b>758,294</b>	<b>757,708</b>	<b>586</b>	
Overheads								
General Administrative								
Kiwisaver	3,086		5,224	-2,137	20,894	20,894	0	
FBT	0		0	0	9,000	9,000	0	
ACC	2,664		4,179	-1,515	2,664	4,179	-1,515	
Accounting	0		0	0	3,675	3,675	0	
Audit Fees	3,188		0	3,188	28,188	25,000	3,188	6 dispersment charges not budgeted
Bank Charges	188		225	-37	900	900	0	
Insurance	0		0	0	10,621	10,621	0	
IT Support	5,595		4,722	873	17,291	17,291	0	
Legal Fees	53,046		55,000	-1,954	55,000	55,000	0	
Meeting Expenses	1,006		750	256	3,000	3,000	0	
Subscription/Publications	11,051		14,113	-3,062	14,113	14,113	0	
Sundry	1,901		2,021	-120	8,138	8,138	0	
Telephone & Fax	5,354		5,192	162	19,178	19,178	0	
Travel Costs	2,551		2,063	487	8,253	8,253	0	
Vehicle Costs	7,502		6,100	1,402	24,400	24,400	0	7 maintenance on older vehicles
<b>Total General Administrative</b>	<b>97,131</b>		<b>99,589</b>	<b>-2,458</b>	<b>225,315</b>	<b>223,642</b>	<b>1,673</b>	
Leases								
Operating Leases	4,399		5,623	-1,224	21,243	21,243	0	
Vehicle Leases	3,765		4,201	-436	16,804	16,804	0	
<b>Total Leases</b>	<b>8,164</b>		<b>9,824</b>	<b>-1,660</b>	<b>38,047</b>	<b>38,047</b>	<b>0</b>	
Marketing								
Communications	2,573		3,000	-427	10,000	10,000	0	
<b>Total Marketing</b>	<b>2,573</b>		<b>3,000</b>	<b>-427</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>	
Office Supplies								
Postage	277		550	-273	2,200	2,200	0	
Stationery	1,722		1,625	97	6,501	6,501	0	
<b>Total Office Supplies</b>	<b>1,999</b>		<b>2,175</b>	<b>-177</b>	<b>8,701</b>	<b>8,701</b>	<b>0</b>	
Premises costs								
Cleaning	1,336		1,775	-439	5,471	5,471	0	8 timing
Electricity	-310		2,779	-3,089	8,592	8,592	0	9 carrying a June accrual not yet realised
Rates	0		2,313	-2,313	7,876	7,876	0	10 timing
Rent	14,400		14,401	-1	48,905	48,905	0	
<b>Total Premises costs</b>	<b>15,426</b>		<b>21,267</b>	<b>-5,842</b>	<b>70,844</b>	<b>70,844</b>	<b>0</b>	
<b>Total Overheads</b>	<b>125,292</b>		<b>135,856</b>	<b>10,564</b>	<b>352,907</b>	<b>351,234</b>	<b>1,673</b>	
Director Expenses								
Fees	12,062		12,125	-63	48,500	48,500	0	
Meeting Expenses	639		600	39	3,000	3,000	0	
Travel Costs	5,250		5,250	0	21,000	21,000	0	
<b>Total Director Expenses</b>	<b>17,951</b>		<b>17,975</b>	<b>-24</b>	<b>72,500</b>	<b>72,500</b>	<b>0</b>	
Project Direct Costs								
Consultants	13,178		12,000	1,178	66,000	66,000	0	11 travel component not budgeted
Activity Costs	122,733		174,950	-52,217	261,700	261,700	0	12 timing
<b>Total Project Direct Costs</b>	<b>135,911</b>		<b>186,950</b>	<b>-51,039</b>	<b>327,700</b>	<b>327,700</b>	<b>0</b>	
<b>Total Expense</b>	<b>483,566</b>		<b>549,253</b>	<b>65,687</b>	<b>1,530,752</b>	<b>1,529,970</b>	<b>782</b>	
<b>Net Ordinary Income</b>	<b>-76,790</b>		<b>-141,753</b>	<b>64,963</b>	<b>92,362</b>	<b>93,030</b>	<b>-668</b>	
Other Income/Expense								
Other Income								
Interest Received	2		0	2	2	0	2	
FBT contribution	1,963		1,963	0	11,448	11,448	0	13 offset against wages
Oyster Shell Project Income	31,613		0	31,613	31,613	0	31,613	
<b>Total Other Income</b>	<b>33,578</b>		<b>1,963</b>	<b>31,615</b>	<b>43,063</b>	<b>11,448</b>	<b>31,615</b>	
Other Expense								
Oyster Shell Project								
Oyster Project Expense	31,613		0	31,613	31,613	0	31,613	
<b>Total Other Expense</b>	<b>31,613</b>		<b>0</b>	<b>31,613</b>	<b>31,613</b>	<b>0</b>	<b>31,613</b>	
<b>Net Other Income</b>	<b>1,965</b>		<b>1,963</b>	<b>2</b>	<b>11,450</b>	<b>11,448</b>	<b>2</b>	
<b>Net Income</b>	<b>74,824</b>		<b>139,790</b>	<b>64,965</b>	<b>103,812</b>	<b>104,478</b>	<b>666</b>	

**Northland Inc Ltd**  
**Balance Sheet**  
**As of September 30,2013**

	Sep,30 13	Closing Balance Jun 30,13	Movement	notes
<b>ASSETS</b>				
<b>Current Assets</b>				
Accelerator Account	85	1,358	-1,273	
Project Account	14	14	0	
Cheque Account	8,936	26,990	-18,054	
Petty Cash	200	200	0	
<b>Total Chequing/Savings</b>	<b>9,236</b>	<b>28,562</b>	<b>-19,326</b>	
<b>Accounts Receivable</b>				
Accounts Receivable	45,522	135,800	-90,278	1
<b>Total Accounts Receivable</b>	<b>45,522</b>	<b>135,800</b>	<b>-90,278</b>	
<b>Other Current Assets</b>				
Accounts Receivable -yearend adj	0	22,725	-22,725	
Prepayments	0	522	-522	
<b>Total Other Current Assets</b>	<b>0</b>	<b>23,247</b>	<b>-23,247</b>	
<b>Total Current Assets</b>	<b>54,758</b>	<b>187,609</b>	<b>-132,851</b>	
<b>Fixed Assets</b>				
Leased Equipment at Cost	49,105	49,105	0	
Accumulated Deprec Lease Eq	-45,532	-44,455	-1,077	
<b>Total Leased Equipment</b>	<b>3,573</b>	<b>4,650</b>	<b>-1,077</b>	
<b>Office Equipmet</b>				
Office Equipment at Cost	71,932	71,932	0	
Accumulated Deprec OE	-37,547	-36,191	-1,356	
<b>Total Office Equipmet</b>	<b>34,385</b>	<b>35,741</b>	<b>-1,356</b>	
<b>Vehicles</b>				
Vehicles at Cost	24,986	28,043	-3,057	2
Accumulated Deprec	-8,849	-7,552	-1,297	
<b>Total Vehicles</b>	<b>16,137</b>	<b>20,491</b>	<b>-4,354</b>	
<b>Total Fixed Assets</b>	<b>54,095</b>	<b>60,882</b>	<b>-6,787</b>	
<b>TOTAL ASSETS</b>	<b>108,853</b>	<b>248,491</b>	<b>-139,638</b>	
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
NRC Oyster Commitment	36,355	0	36,355	3
Accounts Payable	250,607	220,982	29,625	4
<b>Total Accounts Payable</b>	<b>286,962</b>	<b>220,982</b>	<b>65,980</b>	
<b>Other Current Liabilities</b>				
Accuonts Payable - Year End adj	0	75,719	-75,719	
Accruals	28,119	41,954	-13,835	4
Income in Advance	50,961	82,688	-31,727	5
Current Portion of Leases	3,136	5,465	-2,329	
GST	-29,344	-46,060	16,716	
Holiday Pay Accrued	34,082	58,004	-23,922	
<b>Total Other Current Liabilities</b>	<b>86,954</b>	<b>217,770</b>	<b>-130,816</b>	
<b>Total Liabilities</b>	<b>373,916</b>	<b>438,752</b>	<b>-64,836</b>	
<b>Equity</b>				
Contributed Capital	100	100	0	
Equity	-148,612	28,004	-176,616	
Retained Surplus/Deficit	-41,749	-41,749	0	
Net Income	-74,802	-176,616	101,814	
<b>Total Equity</b>	<b>-265,063</b>	<b>-190,261</b>	<b>-74,802</b>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>108,853</b>	<b>248,491</b>	<b>-139,638</b>	

**notes**

- 1 Recievables are mainly made up of NZTES16531/Callaghan\$5510/TNZ \$9567/FNDC \$5917 balance in sundry NIF and tourism project income
- 2 Sale of oldest vehicle
- 3 Amount payable to NRC for Oyster Project - carried as income in advance in June 13 accounts
- 3 Payables are made up of mainly July and August invoices, the larger ones being NIWA \$50715/WHK \$49935/Welcon \$30837
- 4 Accruals are made up of Director fees meetings 7 travel, \$14k fbt liability 2013 & Interim CEO Sept estimate \$8k
- 5 Income in advance is made up of NIF \$45k/Far North Brox \$5k

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## **Progress report July- September 2013 against Statement of Intent 2013/2014**

This report is a reflection of the activities outlined in the 2013/14 Statement of Intent. The summary of activities is a bullet point high level view of achievement, further highlights are listed whilst the attached spread sheet (Appendix 1) is the progress against targets set in the SOI and (Appendix 2) outlines the progress against further NRC targets.

### **1. Summary of activity**

- Appointed CEO
- Developing an MOU with Northland Economic Action Group (NEAG).
- Developed and achieved Council approval for the 2013/14 'Statement of Intent' (SOI), agreed processes in place
- Testing process and criteria for the Investment and Growth Reserve
- Built a pipeline of investment opportunities.
- Delivered New Zealand Trade & Enterprise (NZT&E) and Callaghan Innovation programmes
- Delivered Forum on capital raising for Northland companies
- Invested in improving awareness in Whangarei for Ultra-Fast Broadband (UFB) and delivered free Wi-fi at the airport
- Northland Inc functional structure progressed to align with regional needs
- The RTO worked with Tourism New Zealand and a range of other partners in the upper North Island to be part of a \$1.5m Australian consumer campaign
- Deliberate attempt at better engagement and partnership with Maori

### **2. Investment and Growth highlights for the quarter:**

*Leverage economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding.*

The Investment and Growth Reserve is a valuable resource for the region. We feel it can be utilised as a catalyst for economic development projects and to leverage investment. It has also raised expectations with stakeholders. With these factors in mind we have been working to frame up key catalytic projects for the region.

Northland Inc is currently working on eight proposals. Seven of which have been presented to the Board within this quarter. Two proposals have been declined. Four have been accepted for detailed investigation, one requires further work.

Two proposals have been approved and recommended to the NRC within this quarter. These are currently being reviewed and minor amendments made following feedback from NRC staff.



### **3. Sector Development highlights for the quarter:**

*Assist with growing the performance, productivity and profitability of Northland's key industry sectors.*

Refer to the attached report Regional Business Partner Quarterly Report for progress against New Zealand Trade & Enterprise and Callaghan Innovation contracts.

#### **Northland Economic Advisory Group (NEAG)**

As a result of continued support we have drafted an MOU with NEAG that has their in principal approval. It will now be taken to Northland Inc's board for approval. The MOU has refined the relationship and given priority to a number of industry sector plans to be developed that will contribute to an overarching regional economic development strategy. Northland Inc will work with NEAG to develop the plans.

#### **Irrigation Project**

Assisting Agriculture and Horticulture Sectors with sustainable water supply through the irrigation fund.

This is a project proposal being developed for a feasibility study into irrigation infrastructure in Northland. This would be done in Partnership with Government through their Irrigation Acceleration Fund (IAF) and be focused on the economic benefits from better water management in Northland.

### **4. Stakeholder Engagement highlights for the quarter:**

*Work with interested parties on activities and projects that contribute to the economic development priorities of Northland Inc.*

#### **Northland Aquaculture Development Group (NADG)**

The NADG has met once and is contributing to the NEAG process to develop key priorities for the development of the sector.

#### **Northland Tourism Development Group (TDG)**

One significant meeting was held at Northland Inc where the structure and functions of an RTO that forms part of a regional development agency was discussed. Recommendations to Northland Inc were received and have been taken on board in proposing a re-vitalised Northland Inc structure. This will be presented to the new NRC Council in November.

#### **Digital Leadership**

For digital technology, September advanced a timely success.

We questioned the continued cogency of motivating small to medium enterprises in transitioning from linear telephonic communication to ultra-fast broadband and digital technology. It was decided that this operation lay more with the marketing skills of retail service provider's than through the dynamics of industry-sector development.

Hence we strategically shifted our vision towards changes within municipal infrastructure where we could affect transition with a more definable and measured outcome.



We targeted 'free wi-fi in all public areas' as a mid-term goal to motivate overall digital connectivity. Whangarei airport was chosen as prime objective where we could test a public (WDC) and private (Northpower Fibre) partnership to promote free wi-fi within this vicinity. Northland Inc worked through the feasibilities and brought the parties together. Within three months a deal was struck culminating in a 12 month sign-off between the parties to operate sponsored free wi-fi at the airport. The service became active in September.

### **Maori organisations**

Meetings have been held with 6 Iwi CEO's in this quarter, along with attending their IWI CEO forum in September. This was done to better understand their business and aspirations and to discuss future partnership opportunities.

### **Northland Brand**

A lot of work has already been done in the design and creative for the Northland brand. Work has been on going in supporting the uptake and use of the brand. This work has primarily been done by the RTO and needs to be widened in focus. This will form part of a re-vitalised and integrated communications plan that Northland Inc will develop in early 2014.

**David Wilson**  
**CEO**

OVERARCHING OBJECTIVE	OUTPUT / DELIVERABLE	MEASURE	TARGET	Progress Jul – Sept 2013
<b>Investment and Growth:</b> leverage economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding.	Receive, assess, and recommend proposals to the Investment and Growth Fund that meet the quality criteria and investment criteria:	Number of proposals received	2013/14: 40	Currently working on seven early stage proposals
		Number of proposals assessed	2013/14: 20	Six proposals have been presented to the Board within this quarter. Two proposals have been declined. Three have been accepted for detailed investigation, one requires further work
		Number of proposals recommended	2013/14: 4	Two proposals have been approved and recommended to the NRC within this quarter.
	Support development of business cases by other parties of economic development projects (for investment by Council and others) <ul style="list-style-type: none"> <li>• business clusters</li> <li>• targeted industry sector groups</li> <li>• iwi /Maori organisations</li> </ul>	Number of business cases supported.	2013/14: 2	Captured in the above progress report.

OVERARCHING OBJECTIVE	OUTPUT / DELIVERABLE	MEASURE	TARGET	Progress Jul – Sept 2013
<b>Sector development:</b> assist with growing the performance, productivity and profitability of Northland's key industry sectors.	Develop the capability of businesses through the delivery of the NZTE Business Partnership Programme.	Number of unique businesses actively managed.	2013/14: 135	actual to date = 45
		Value of business capability vouchers allocated.	2013/14: \$90,000 six month target as per new milestones set by NZTE.	actual to date = \$27,800 Second period of funding being negotiated
	Support innovative product research and development through the delivery of Callaghan Innovation R and D funding.	Number of successful Northland applications per annum.	2013/14: 4	actual to date = 2
		Value of successful Northland applications per annum.	2013/14: \$300,000	actual to date = \$225,924
	Encourage strategic growth at a business cluster level through organising Business Information events.	Number of events per annum.	2013/14: 2	1 held: Capital Raising and Angel Investment
		Average number of businesses attending each seminar.	2013/14: 6	Actual to date = 40
	Support the development of growth strategies by targeted industry sector groups: <ul style="list-style-type: none"> <li>• Primary</li> <li>• Added value</li> <li>• Emerging opportunities</li> </ul>	Number of strategies developed.	2013/14: 3	All activities are targeted at supporting NEAG.
	Encourage the development of joint venture projects business clusters.	Number of joint projects supported	2013/14: 2	Actual to date = 1

OVERARCHING OBJECTIVE	OUTPUT / DELIVERABLE	MEASURE	TARGET	Progress Jul – Sept 2013
<b>Stakeholder Engagement:</b> work with interested parties on activities and projects that contribute to the economic development priorities of Northland Inc.	Participate in activities and projects as appropriate with <ul style="list-style-type: none"> <li>• business clusters</li> <li>• targeted industry sector groups</li> <li>• cross-sectoral groups</li> <li>• inter-agency fora</li> <li>• iwi / Maori organisations</li> </ul>	Number of projects actively engaged in	2013/14: 10	Currently participating with 4 group activities/projects with interested parties being: Northland Aquaculture Development Group Digital sector Marine Sector Tourism Development Group
	Support identified stakeholder groups to develop the capability to undertake independent action.	Number of stakeholder groups supported to independence	2013/14: 1	Ongoing support towards independence for 3 stakeholder groups Northland Economic Action Group Tourism Development Group Northland Aquaculture Development Group
	Maintain active relationships with iwi/Maori organisations	Attend Iwi leaders forum	2013/14: ongoing	Meetings have been held with 6 Iwi CEO's in this quarter, along with attending a leaders forum in September.
	Increase the use of the Northland (First) brand by stakeholders	% of key stakeholders using brand	2013/14: 25	Strategy to be developed

### NRC SOI Modifications as dated 8 August 2013

OVERARCHING OBJECTIVE	OUTPUT / DELIVERABLE	MEASURE	TARGET	Progress Jul – Sept 2013
<b>Sector Development</b>				
A	To investigate and confirm the options available to Northland Inc and NRC in terms of transferring the project management and operational control of the Oyster project back to council or another suitable entity.	Report to Council	20 August 2013 and monthly thereafter until achieved	As per NRC resolution project transferred to NRC
B	A review of the Oyster Project management to date with a view to providing detailed analysis on the issues resulting in the current budget overrun.	Report to council	20 August 2013	As above
C	To cease all operational or project management activities without specific council approval	Provide implementation plan to council	31 July 2013	Achieved: No operational or project management activities currently undertaken
D	For the board of directors to ensure governance and managerial controls are in place to effectively manage the financial and legal risks relating to all activities of Northland Inc	Report to council	20 August 2013 and monthly thereafter until achieved	Achieved: Attached status report (Governance Actions & Priorities)
E	To transfer the hosting of the secretariat for the Northland Intersectoral Forum (NIF) back to the council	Tasks completed and confirmed with council	31 July 2013	Currently awaiting NRC confirmation on timeframe

F	To cease all secretariat and administrative support for all industry sector groups currently being provided with those services.	Tasks completed and confirmed with council	31 July 2013	Achieved
G	To review and install adequate management controls to meet the performance targets set by NZTE under the Business Growth and Callaghan Innovations Programmes and to report back to council on those management controls.	Report to council	20 August 2013 and monthly thereafter until achieved	Achieved see attached report
H	To ensure that the Business Growth and Callaghan Innovations Programmes are delivered across the entire region.	Report to council	20 August 2013 and quarterly thereafter	Achieved: Over the last three months of the 45 we have worked with 5 were in Kaipara 11.5% 22 in Whangarei 48.5% and 18 in Far North 40%. Callaghan Funding; \$80k WDC area, \$145k FNDC area.
I	To seek to engage with local business association in the delivery of the Business Growth and Callaghan Innovations Programmes in a decentralised fashion	Report to council	20 August 2013 and quarterly thereafter	Achieved: 22 Northland Business Associations have been emailed through the region to promote the Regional Business Partnership focusing on the business Capability Assessment but also including information on the Research and Development opportunities. To date we have been invited to speak to 1- the Mangawhai Business Development Association 2- Kamo Community Inc and 3- Kerikeri

				District Business Ass
J	<p>To continue to engage with and assist industry sector groups by:</p> <ul style="list-style-type: none"> <li>Facilitating the relationship between the groups with local and central government, acting as a legal entity through which sectors can attract local and central government funding into the sectors within Northland where a sector does not have the necessary legal structures to facilitate such a relationship</li> </ul>	Report to council	20 August 2013 and quarterly thereafter	Assisting Agriculture and Horticulture Sectors with sustainable water supply through the irrigation fund and the Fin Fish – MPI application process.

OVERARCHING OBJECTIVE	OUTPUT / DELIVERABLE	MEASURE	TARGET	Progress Jul – Sept 2013
<b>Stakeholder Engagement</b>				
A	<p>Draft Strategy for council consideration that:</p> <ul style="list-style-type: none"> <li>Promotes Northland (using the Northland brand) focusing on Northland as a destination for investment and highlighting the economic development opportunities that exist in the region.</li> </ul>	Draft strategy delivered to council	20 August 2013 and monthly thereafter until strategy is achieved	Strategy in development as part as revised SOI process
B	Review the benefits of transferring the operational and destination	Report progress to council	20 August 2013 and monthly	Achieved: A working party was formed to

	<p>marketing functions of the RTO to an independent structure and governance arrangement (the promotion of Northland to potential domestic and international visitors) with appropriate private sector ownership and buy in for Northland tourism. Consideration to include:</p> <ul style="list-style-type: none"> <li>• The funding sources and their continuity</li> <li>• Accountability arrangements</li> <li>• Transparency of use of public funds</li> <li>• Transaction arrangements</li> <li>• Efficiency and effectiveness</li> <li>• Relationships with industry stakeholders</li> <li>• Skill base</li> <li>• Legal status of the RTO; and</li> <li>• Relationship with Northland Inc and council</li> </ul>		thereafter until achieved	review different structure models.
C	Build a business friendly environment that encourages business and employment opportunities	Report progress to council	To be confirmed	To be included in reviewed SOI process



# Improving Governance – actions (updated October 2013)

Component	Purpose	Status & Action Required	Priority & Date	Owner
Statement of Intent	<ul style="list-style-type: none"> <li>Comply with legislative requirements</li> <li>Define expectations of shareholder</li> <li>Define responsibilities of Northland Inc Board</li> </ul>	Under review and to be updated to reflect workshop and NRC feedback	( 1 ) September	CM / DW
Board Charter	<ul style="list-style-type: none"> <li>Define policy and operation of the Board</li> <li>Ensure compliance to best practice</li> </ul>	No evidence of Board Charter so to be drafted and consider Treaty of Waitangi obligations	( 2 ) October	CM / SP
Company Performance Monitoring	<ul style="list-style-type: none"> <li>Monitor performance against agreed targets</li> <li>Allow intervention if target will be missed</li> </ul>	To be confirmed post SOI finalisation	TBC – pending SOI	DW
Board Performance Monitoring	<ul style="list-style-type: none"> <li>Monitor performance against expectations</li> </ul>	To be confirmed post SOI finalisation	TBC – pending SOI	TBC
CEO Management & Targets	<ul style="list-style-type: none"> <li>Shared understanding of deliverables &amp; monitoring</li> </ul>	To be confirmed post SOI finalisation	TBC – pending SOI	CM
Financial Authorities (DLA's)	<ul style="list-style-type: none"> <li>Define financial authority levels &amp; manage financial risk</li> <li>Ensure compliance to SOI</li> </ul>	In place – further work recommended	( 3 ) November	SP
Board Sub-Committees - Audit Committee - Remuneration Committee	<ul style="list-style-type: none"> <li>Fulfil governance requirements</li> <li>Advise the Board</li> </ul>	Audit Committee Charter in place, but committees not currently operational. Need to be re-instated.	( 2 ) October	SP
Risk Register	<ul style="list-style-type: none"> <li>Record all risks identified</li> <li>Ensure management and mitigation</li> <li>Document methodology to assess risk level (consequence table)</li> </ul>	Risk Register – in draft further work underway	( 1 ) October	SP
Financial Audit	<ul style="list-style-type: none"> <li>Legislative compliance</li> <li>Review control framework &amp; mitigate financial risk</li> </ul>	Underway – no additional action required	( 1 ) September	SP
Communications Policy	<ul style="list-style-type: none"> <li>Compliance with best practice</li> <li>Define communication protocols – internal and external</li> </ul>	To be drafted	( 2 ) November	KE
Company Policies	<ul style="list-style-type: none"> <li>Ensure compliance with best practice and delivery to organisational commitments</li> </ul>	In place – schedule for reviewing	Ongoing	All
Statutory Compliance	<ul style="list-style-type: none"> <li>Legislative compliance</li> </ul>	Documented – for Board review	( 3 ) November	SP
Board Calendar	<ul style="list-style-type: none"> <li>Schedule regular governance requirements</li> </ul>	To be drafted	( 2 ) November	CM / SP
Board Professional Development	<ul style="list-style-type: none"> <li>Confirm PD programme for directors to inform and update of obligations and responsibilities under the Companies Act 1993</li> </ul>	To be completed once other governance actions are complete	(3) January	CM



## Regional Business Partner Quarterly Report

<b>Name of Partner:</b>	Northland Inc
	NZ Chambers of Commerce (Northland)
<b>Quarter:</b>	1 <sup>st</sup> Quarter Jul-Sep 2013

### 1 Performance Commentary

#### 1- RBP Activity: actively managing 120-150 businesses

The partnership is currently actively engaged with 45 companies across the region. These range from light industrial ag-tech companies to food and beverage business developing new and innovative products.

Referrals are coming from a number of areas but primarily through enquiries for Callaghan Innovation R&D and our existing client base (22 have previously had an assessment).

#### 2- Customer satisfaction

Not yet surveyed

#### 3- Customer Value Add

Not yet surveyed

#### 4- RBP Activity /Targeting 70% of vouchers issued to exporting profile companies.

Of the \$27,800 of vouchers issued, \$22,800 (82%) were issued to companies with a exporting profile.

#### 5- RBP referrals into NZTE

Although a number of Northland companies have engaged with NZTE rep Richard Barrand, none to date have been accepted as Managed Foundation Customers. Regular meetings are held with Richard to update him about businesses in the region and the RBP work.

### 2 2013-14 Objectives & Key Sectors/Initiatives

- An exciting development is the re-engagement with the honey sector. As well as business opportunities around building hives (carpentry) key players in the region are involved in queen bee rearing, pollen, hive management software alternative harvesting methods and honey product development.

We believe there is interest from key players in regional collaboration in this area.



- We are also in early stage discussions with Dairy NZ and Agri-specialists who in the New Year are looking to provide Governance training for targeted clients who own multiple sites and divergent operations.
- Northland Regional Council Councillors indicated a desire to ensure that the Business Capability work is promoted across the region's three TLAs. To this end, we contacted 22 Northland Business Associations to promote the RBP, focusing on NZTE Business Capability (and including information on the Callaghan Innovation Research and Development). To date we have been invited to speak to three associations: Mangawhai, Kamo Community Inc and Kerikeri.

A presentation on the RBP has already been made to the Hokianga Tourism Association (comprising mainly accommodation providers).

- Work undertaken to connect with and grow the food and beverage sector in Northland has resulted in a number of local food companies taking up Business Capability vouchers. These companies are now proceeding to apply for Callaghan Innovation 'getting started' subsidy funding to work with the Food Innovation Network and FoodBowl to test the preproduction of new food product lines.
- An Operational Pipeline for the Assessment and Business Capability businesses we are working with has been developed that enables real time reporting on engagements and KPIs.

### 3 Success stories from the region

Example: This Kaipara based (Maungaturoto) company designs and manufactures innovative height safety equipment for distribution through on-sellers throughout NZ, Australia, North America, UK and other countries. Over the last two years they have doubled their turnover and it is projected to grow by another 25% in the 2013-4 financial year. Over the same time, their staff numbers have increased to 20. This phenomenal growth is mainly due to the export of generic scaffolding equipment and bespoke solutions to the Australian mining industry.

This is an example of a company that has found past RBP assistance of value and wants to continue working with us to further develop their business following a reassessment.

The RBP has contributed \$5,000 to them towards sales and marketing and resource management advice, which has given them increased confidence which has resulted in increased sales and market penetration.

### 4 Referrals

TO							
Callaghan Innovation	NZTE	BMNZ	Service Provider	Chamber of Commerce	Bank/Lawyer/Accountant	Business Association	Other
<b>3</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>



**Note 13 of the active companies are still in the process and referrals have not yet been finalised.**

**5 Referrals to NZTE entering Managed Foundation Segment**

Nil – see above.

**6 Issues that may be arising**

Meeting the target of \$90,000 of vouchers allocated to businesses by the end of December will be challenging:

- A large number of Northland businesses lack the capital to invest and are struggling with cash flow issues, that makes engaging in meaningful training and coaching difficult.
- Northland SMEs often find it challenging to find the funds to match the 50% subsidy of the voucher scheme.
- There are fewer businesses providing advisory services to Northland SMEs.
- There are also fewer opportunities for local businesses to access more specialist assistance through the voucher scheme.

For these reasons, the Business and Investment Growth team has been holding seminars that build capability in the region by introducing new resource people with specialist expertise.

**7 Marketing activities**

Undertaken this quarter

The Northland Inc team and the Northland Chamber of Commerce held a corporate luncheon for Chamber members, with Mark Rowbotham from Sparkbox as guest speaker.

On the same day, we organised for 5 RPB clients to meet individually with the Sparkbox team, pitch their ideas and gain some investment advice.

We used the two events to promote our next major event, a forum on capital raising for Northland companies, held in late September. Approx 40 people attended.

The three guest speakers – from the NZ Venture Capital Association, the NZ Venture Investment Fund, and the Angel Association – were very impressed with this initial Northland meeting. Suse Reynolds of Angel Association is keen to assist with the formation of a Northland Angel Investor group.

This was an important event for Northland as it put Northland business on the map for venture capital firms. A representative of Tamix Global (formerly of Sparkbox Venture Group) met with a number of local companies after the event, and Northland is now on their regular visit itinerary.

Planned for next quarter

**NORTHLAND INC.**

*New Zealand*  
**TRADE&ENTERPRISE** 

We are continuing to broaden our work with the horticulture industry and the food and beverage sector, and plan to bring these players together in a forum-type event when appropriate.

## **ISSUE: Kaeo Stage 1 Flood Works Update**

**ID:** A595062

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Neville Wilson, River Management Engineer

**Date:** 11 November 2013

**Summary** The purpose of this report is to provide an update on the Kaeo Flood Scheme Stage 1 works budget.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input checked="" type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual/Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

### **History and Overview**

The township of Kaeo has a long history of flooding and is built on a floodplain. Kaeo is vulnerable to flooding from the Kaeo River and Waikare Stream. In the floods of March and July 2007 the Kaeo River breached the school stopbank and high velocity flood waters flowed along State Highway 10, the main-street of the township.

### **Flood Risk Reduction Strategy for Kaeo**

The NRC has been working closely with the Kaeo River Whangaroa Catchment Liaison Committee to develop a comprehensive strategy for affordable flood risk reduction. The committee is made up of members of the community (upper, mid, lower and outer catchment members), Iwi, NZTA, FNDC, DOC, Marine Farmers etc. The meetings are open public meetings and typically well attended. A range of 9 options were analysed for flood risk reduction and explored by the committee. Not one silver bullet option existed and the committee chose a range of options, mainly Stage 1 deflection banks, managed retreat, enhanced status quo, community response plan and early flood warning system. This report has been prepared to outline how the Stage 1 works budget is tracking.

### **Kaeo Flood Scheme Stage 1 Works**

Stage 1 of the Kaeo River Flood Scheme is scheduled to start 2 December 2013.

Arrangements for land use are finalised, and a memorandum of agreement has been signed with all parties along with compensation payment completed.

### **Kaeo Flood Scheme Stage 1 Works - Budget**

The Long Term Plan budget for Stage 1 is \$697,185 excl GST. This is over half subsidised by funding approved from the Ministry of Education (\$144,195 excl GST) and the Department of Internal Affairs (\$243,000 excl GST).

It is noted that whilst Council agreed to carry forward the unspent Kaeo capital expenditure budget from 2012/13 to 2013/14, no approval was gained to carry forward the operational revenue from the Ministry of Education (\$144,195 excl GST). Staff have invoiced Ministry of Education for the revenue, as per the agreement between the Ministry and NRC, and approval is sought to carry forward the revenue from the

Ministry which will be transferred to the Kaeo-Whangaroa Rivers targeted rate reserve and used to fund the capital expenditure of the Stage 1 works.

The estimated total project expenses as at 24 October 2013 is \$767,276 excl GST inclusive of \$66,000 worth of contingencies and \$22,891 increased forecast capital expenditure. \$190,816 excl GST has been spent to date. An itemised breakdown of the budget is **attached** to this report. The attached budget should be read in conjunction with this report.

### **Kaeo Flood Scheme Stage 1 Works – Budget Discussion**

As at 24 October 2013 the projected budget is tracking toward a slight overspend (3% if no contingencies drawn upon or 13% with contingencies drawn). The slightly higher forecast is due to changes to the design drawings, land owner compensation agreements, the resource consent application, changes required to the internal drainage network, along with a forecast cost fluctuation agreed with the contractor due to deferring the contract start date from December 2012 to December 2013.

The primary uncertainties of the budget which may result in further additional costs are as follows:

- Variations requested by the contractor and approved by the engineer as a necessary part of the works. However, it is not expected that such variation requests would exceed the contingency sum allowed for in the contract of \$50,000.
- Surveyor fees. A formal quote has not yet been received; the budget estimate of \$10,000 has been supplied by the engineer.
- Archaeological Find. In the event of an overly significant archaeological find during the works the \$15,000 contingency may be exceeded particularly by way of variation requested by the contractor for a possible delay to the programme of works.
- Cost Fluctuation Adjustment. Due to the deference of the project start date from December 2012 (time of tender) to December 2013 we agreed to pay the contractor a cost fluctuation adjustment based on labour price index (LPI) and producer price index (PPI) as covered by NZS3910:2003. The formula for calculating the cost fluctuation has been carried out using LPI and PPI for the 2011-2012 indices provided by Statistics New Zealand. These indicate a possible cost fluctuation payment of 2% of the tendered sum is likely however a cost fluctuation payment of 4% has been allowed for in the projected budget.

### **Request To Advance Further Capital Funding**

Staff are seeking approval to advance a further \$88,891 of capital expenditure, beyond the \$697,185 budgeted for in the Long Term Plan, should contingencies sums (\$66,000) be required to be spent during the implementation of the works and to cover the increased forecast capital expenditure (\$22,891). The advance would need to be funded from Council reserves, and repaid from the Kaeo- Whangaroa Rivers targeted rate.

It is noted that the estimated Kaeo-Whangaroa Rivers targeted rate collection for 2013/14 is \$128,581.

### **Legal Compliance & Significance Assessment:**

The activities detailed in this report are provided for in activities described in the council's Long Term Plan and as such are in accordance with the council's decision making process and sections 76-82 of the Local Government Act 2002.

In relation to section 79 of the Local Government Act 2002, this issue is considered to be of low significance under Council policy because it has previously been provided for in the council's Long Term Plan.

**Recommendations:**

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1. That the report Kaeo Stage 1 Flood Works Update by Neville Wilson, River Management Engineer, and dated 11 November 2013, be received.
  2. That approval is given to carry forward the operational revenue from the Ministry of Education (\$144,195), budgeted for in 2012/13, to 2013/14.
  3. That approval is given to advance a further \$88,891 of unbudgeted capital expenditure, beyond the \$697,185 budgeted for in the Long Term Plan, should contingencies sums (\$66,000) be required to be spent during the works and to cover the increased forecast capital expenditure estimate (\$22,891).
-



## Kaeo Flood Scheme Stage 1 Works Projected Budget October 2013

Date: 24.10.2013

Capital Budget From LTP for 2012/13 (EXC GST)

\$697,185.00

ITEM	DESCRIPTION	Estimate	Spent to Date (16 Sep 2013)	Spent to Date (24 Oct 2013)	Projected Estimate
1	Construction of Physical Works (Tender sum = \$470,054, tender sum includes \$50k contingency )	\$470,054	\$0	\$0	\$470,054
1.1 (Var)	600mm dia culvert in lieu of 375mm dia 30m length (Zivkovich)	\$4,776	\$0	\$0	\$4,776
1.2	Cost Fluctuation Adjustment (allow 4% of tendered price)	\$18,800	\$0	\$0	\$18,800
2	Construction Supervision & Engineering Contract Management	\$54,820	\$0	\$0	\$54,820
3	Surveyor (for measure & value)	\$10,000	\$0	\$0	\$10,000
4	Archaeological Monitoring (assumes nothing of significance found on site & one pre-works site visit)	\$3,750	\$0	\$0	\$3,750
4a	Archeological Monitoring contingency (assumes a moderate find requiring further investigation)	\$15,000	\$0	\$0	\$15,000
5	Iwi Monitoring	\$2,100	\$0	\$0	\$2,100
5a	Iwi monitoring contingency	\$1,000	\$0	\$0	\$1,000
6	NRC compliance monitoring	\$2,610	\$0	\$0	\$2,610
7	Landowner Compensation including legal fees	\$139,000	\$14,150	\$128,150	\$10,850
7.1	Delivery of 5 truck loads of rock to Green Property	\$1,500	\$0	\$0	\$1,500
8	Consenting	\$37,000	\$52,756	\$52,726	\$0
9	Revision of Drawings for changes to Spillway	\$9,000	\$5,459	\$9,940	\$0
Sum			\$190,816	\$595,260	
Sum of Expected Total Expenditure					\$786,076
LTP Capital Budget less Expected Total Expenditure					-\$88,891
LTP Capital Budget less Expected Total Expenditure without contingencies					-\$22,891.05

-13%  
-3%

\*Note: Spent to date (date) is inclusive of all spending to that date inclusive of previous spent to date column

**ISSUE: Independent Member of Audit And Risk Committee**

**ID:** A595353

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Judy Macdonald, Human Resources Manager

**Date:** 14 November 2013

**Summary** The purpose of this report is to place before the Committee the recommendation regarding appointment of an independent member of the Audit and Risk Committee.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input checked="" type="checkbox"/> Moderate	<input type="checkbox"/> Low

**Background:**

The council had decided to appoint an independent member to the Audit and Risk Committee as per the Terms of Reference for the Audit and Risk Committee.

**Discussion:**

**Attached** is a proposed person specification and advert. The Good Practice guide as published by the OGA has been taken into consideration in establishing the person specification.

A sub committee should be appointed to review all applications received and to determine a short list for interviews. Interviews to be conducted by the sub committee and a recommendation made back to the Audit and Risk Committee before going to Council.

Normal NRC recruitment policies and procedures would be followed and the appropriate advice and support provided.

Some market research and comparisons have been made in terms of determining a potential salary for this independent member of the committee. A salary recommendation would be included in the recommendation to appoint.

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are in accordance with section 32 of the Local Government Act regarding delegations and also in accordance with the council's decision-making process and sections 76-82 of the Local Government Act 2002.

This matter has been assessed against council policy and is deemed to be of low significance.

**Recommendations:**

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1. That the report Independent Member of Audit and Risk Committee by Judy Macdonald, Human Resources Manager, and dated 14 November 2013, be received.
  2. That the proposed advert and person specification be agreed to and finalised, and the applicable recruitment procedures followed to canvas applicants.
  3. That a sub committee including the Chair, Deputy Chair and Chair of Audit and Risk be formed to agree a short list and to conduct the interviews.
  4. Once interviews are conducted the sub committee will make a recommendation for appointment back to the Audit and Risk Committee who would then make a recommendation to the whole of council.
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# Person Specification

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## Independent Member

## NRC Audit and Risk Committee

### **Essential Skills, Knowledge and Experience:**

- Relevant tertiary qualifications and/or work experience in the areas of finance, audit (internal and external), investments, health and safety, and risk management.
- Previous governance experience.
- Good knowledge of the relevant legislative and regulatory requirements.
- Able to understand and present financial reports including understanding of internal control and assurance.
- Good understanding of internal and external audit.
- Familiarity with risk management disciplines (identification, evaluation and management).
- Ability to think independently and objectively.
- Ability to make long and short term sound analytical and financial decisions based on all information available.
- Have good business acumen and appropriate diligence, time, effort and commitment.
- Proven ability to foster and maintain good relationships with the CEO, other committees, management, staff, internal and external auditors.
- Ability to actively participate as part of the committee and work productively and openly to raise and resolve issues and to achieve results.
- Ability to explain technical financial matters in their field to other members of the committee.
- Willingness and the ability to ask relevant and pertinent questions and to evaluate the answers.
- Has a proven track record in terms of high business ethics, sound judgement and common sense.
- Maintains confidentiality.

### **Preferred Skills, Knowledge and Experience:**

- Current Northland resident.



## Advertisement

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# Applications for an Independent Member NRC Audit and Risk Committee

Northland Regional Council wants to appoint an independent member to their Audit and Risk Committee and seek applications from prospective independent members.

Applicants will need to have relevant tertiary qualifications and/or work experience in finance, audit, investments, health and safety, and risk management. A proven financial governance track record is also required.

To find out more about this, including a copy of the person specification, visit our website: [www.nrc.govt.nz/jobs](http://www.nrc.govt.nz/jobs) or contact any of the Northland Regional Council offices. Enquiries should be directed to Malcolm Nicolson, CEO. Applications in writing accompanied by curriculum vitae close at 5pm on 13 December 2013 and should be addressed to:

Ms Judy Macdonald  
Human Resources Manager  
Northland Regional Council  
Private Bag 9021  
WHANGAREI 0148

Telephone: (09) 470 1200  
Fax: (09) 470 1202  
Email: [mailroom@nrc.govt.nz](mailto:mailroom@nrc.govt.nz)

**ISSUE: ACC Workplace Safety Management Practice Audit**

**ID:** A595355

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Judy Macdonald, Human Resources Manager

**Date:** 14 November 2013

**Summary** The purpose of this report is to present a copy of the ACC Workplace Safety Management Practice (WSMP) Audit to the Audit and Risk Committee, along with the recommendations and actions taken to date.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input checked="" type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Background:**

The ACC WSMP audit has been in place since 2002. Our ACC WSMP status reflects our workplace safety management practices and there are three discount levels:

- Primary, which earns a 10% discount;
- Secondary, which earns a 15% discount; and
- Tertiary, which earns a 20% discount.

NRC has progressed from primary, to secondary to tertiary status since this time and we have held our tertiary status since 2006. The ACC WSMP requires a two yearly external audit.

This latest external audit was conducted in August 2012 by an independent ACC appointed auditor and resulted in the council retaining its tertiary status.

A few recommendations were made and a copy of these and the actions taken to date are **attached**.

On a separate note there is currently a Health and Safety Reform Bill exposure draft. LGNZ have written a submission on this and asked for member feedback and this focuses on question 6, from paragraphs 16 and 17 of the commentary document. A significant aspect of the Bill proposes definitions for persons conducting a business or undertaking (PCBUs) and their officers. Under the proposed regime, officers will be subject to new and specific due diligence obligations. This is a departure from the position under the current Health and Safety in Employment Act 1992. At present, elected members of territorial authorities are not excluded from the definition of officers under the consultation draft. The LGNZ submission proposes that they should be excluded. A copy of the LGNZ submission is **attached**.

**Discussion:**

For information and to determine if a further independent external audit is required.

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are in accordance with section 32 of the Local Government Act regarding delegations and also in accordance with the council's decision-making process and sections 76-82 of the Local Government Act 2002.

This matter has been assessed against council policy and is deemed to be of low significance.

**Recommendation:**

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1. That the report ACC Workplace Safety Management Practice Audit by Judy Macdonald, Human Resources Manager, and dated 14 November 2013, be received.
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# ACC Workplace Safety Management Practices Programme

For

## NORTHLAND REGIONAL COUNCIL

**AUDIT STANDARDS  
EFFECTIVE FROM 1 APRIL 2002**

We include the following disclaimer in the introduction to the audit standards:

“Conformance to the programme standards set out in the audit tool should not be relied on to satisfy compliance with legal and other obligations of the employer. It is the responsibility of the individual employer to be satisfied that these legal and other obligations are met.”

Within the standard there are three measurable levels of performance:

<b>primary</b> = Programme entry level requirements	
<b>secondary</b> = consolidation of good practice	
<b>tertiary</b> = continuous improvement, best practice framework	no shading

Shading used throughout the standards indicates the levels as above.

The employer needs to meet the primary level requirements as detailed in each section of the standard to gain entry to the ACC Workplace Safety Management Practices Programme, and continue to meet these requirements in subsequent annual audits to remain in the ACC Workplace Safety Management Practices Programme.



## Independent audit summary

Name of company or organisation: Northland Regional Council

Contact person: Judy MacDonald

Telephone: 09 4384639

Email: judym@nrc.govt.nz

Address: Private Bag 9021, Whangarei

Date(s) of audit: 30<sup>th</sup> August 2012

Audit completion date: 30<sup>th</sup> August 2012

Location(s) of audit: 36 Water Street, Whangarei

**NOTE: The final decision regarding the level of conformance to the Workplace Safety Management Practices audit standard will be made by ACC following consideration of all relevant information.**

It is my recommendation that the above named employer:

☒ meets the audit requirements of the ACC Workplace Safety Management Practices Programme to the following level

☐ Primary ☐ Secondary ☒ Tertiary

**Summary of workplace information:** The Northland Regional Council has 160 full time employees with offices in Opuia, Kaitia and Dargaville. Their territory is from Kaipara Harbour north.

Their main divisions are animals, Civil Defence, environment, parks and reserves, rivers and lakes.

Over the last year there have been 45 injuries to staff but only two of these requiring any ACC claims. Total hours lost for the last year was 3 hours.

There has been a new CEO who has been on board for the last 6 months. Underlying this there is a new computer system that is going in called IRIS which is to take over the existing computer system.

At the time of the audit there were concurrent computer systems working where most of the occupational health and safety information was being held. On top of this there has been a new Occupational Health and Safety Advisor who has been in the job for one month. The audit did identify a system of duplication, a system where files were held on one site and currently being transferred to another site. The Occupational Health and Safety Manager is currently undergoing training using the Southern Institute of Technology where he is doing a diploma of occupational health and safety.

The audit did identify a comprehensive and integrated system albeit in a state of flux between old and new computer systems. Compounding this was the newness of the Occupational Health and Safety Manager who to be fair had a reasonable degree of ability and capturing the information required by the audit.

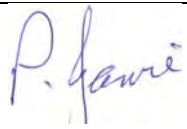
As mentioned the audit did identify a comprehensive program that was delivered from Central Council out to the relevant divisions whereby the Unit Managers would pick up and run the occupational health and safety functions.

The Auditor has used "on balance" to assess this audit given the newness of the computer systems and the newness of the new Occupational Health and Safety Advisor. Having looked at the entire systems understanding how they work and what would be the new version of the computerised system it is my recommendation that the Northland Regional Council have maintained their audit standard to the Tertiary Level.

Is this an initial audit? (tick as appropriate)

☒ Is this a renewal audit? (tick as appropriate)

**ACC Approved Auditor Details:**

Name: Paul Jarvie	
Date: 04 September 2012	
Address: 159 Khyber Pass Road, Grafton, Auckland 1142 Private Bag 92066, Victoria Street West, Auckland 1142	
Phone: 09 367 0963	E-mail: <a href="mailto:paul.jarvie@ema.co.nz">paul.jarvie@ema.co.nz</a>
Auditor signature: 	Date: 5 September 2012

Summary of results	Level Demonstrated
<b>Safety Management Practices</b>	
1. Employer commitment to safety management practices	Tertiary
2. Planning, review and evaluation	Tertiary
3. Hazard identification assessment and management	Tertiary
4. Information, training and supervision	Tertiary
5. Incident and injury reporting, recording and investigation	Tertiary
6. Employee participation in health and safety management	Tertiary
7. Emergency planning and readiness	Tertiary
8. Protection of employees from on-site work undertaken by contractors and sub-contractors	Tertiary
9. Workplace Observation	Primary
10. Focus Group Interviews	Tertiary
Number of focus groups:	2

## Critical element one

### – Employer commitment to safety management practices

**(AS/NZS 4801:2001 Section 4.2, 4.4 and 4.6)**

#### OBJECTIVE

The employer is able to demonstrate an active, consultative commitment to all areas of health and safety management in the workplace.

Details of requirements	Verified by	Achieved Yes/No
1. There is a documented health and safety policy.	1. Policy document.	Yes
2. The policy is authorised by current CEO or other senior management* representatives.	1. Appropriate signature, position and date.	Yes
	2. Process for senior management* to review policy document at least every two years.	Yes
3. The policy incorporates management commitment to comply with relevant legislation, regulations, codes of practice and safe operating procedures.	1. Policy document includes statement of commitment to comply with relevant standards.	Yes
4. The policy includes specific understanding of management responsibilities for health and safety.	1. Policy document includes management commitment to health and safety.	Yes
	2. Specific health and safety co-ordination roles are designated at senior management* level.	Yes
	3. Management positions are reviewed against the performance of designated health and safety responsibilities.	Yes
	4. Evidence that individual management performance has been reviewed against health and safety responsibilities.	Yes
5. The policy includes an outline of individual employee responsibilities for health and safety.	1. Policy document states individual responsibilities for health and safety in the workplace.	Yes
6. There is commitment to consultation with union* and other nominated employee representatives* regarding participation in health and safety management.	1. Policy document includes statement of support for employee consultation and participation.	Yes
7. There is specific management commitment to accurate reporting and recording of workplace incidents and injuries.	1. Health and safety documents include a specific statement requiring accurate reporting and recording.	Yes
	2. Records of this requirement included in performance review of management roles.	Yes

8. There is commitment to continuous improvement in health and safety.	1. Indicative statement in policy document.	Yes
	2. Evidence that a system exists for the review of health and safety related policies by senior management* to ensure their ongoing effectiveness (for example records of reviews or a documented review procedure or checklist).	Yes
	3. Evidence that excellence in health and safety management and innovation by staff is formally recognised (e.g. recognition in staff newsletter, reward for innovative ideas).	Yes
9. There is specific commitment to ensure managers (including senior management*) have an understanding of health and safety management relative to their positions.	1. Evidence of this commitment in policy statement, position descriptions (or similar).	Yes
	2. Evidence that senior management* have been involved in health and safety (e.g. seminars, briefings, conferences, training sessions) within the previous two years.	Yes
10. There is specific commitment by management to support the safe and early return to work of their injured employees.	1. Health and safety documents that include a statement of commitment.	Yes
	2. Information provided to management staff on how to support safe and early return to work.	Yes
	3. Evidence of management involvement in supporting safe and early return to work (where applicable).	Yes

\* Please refer to the definitions in the ACC Workplace Safety Management Practices audit standards.

<b>Employer commitment to safety management practices</b>
<b>Standard achieved:</b> Tertiary Pass
<p><b>Comments:</b> There is a comprehensive health and safety policy that outlines both employer, supervisor and employees obligations re health and safety. This is backed up management position descriptions and performance reviews. Sitting behind this there is a rehabilitation policy and flow chart. Within the policy and supporting documents there are clear accountabilities and responsibilities for the early and durable return to work.</p> <p>The Council rewards innovation and new ideas from staff by exercising an award system and mentions in their in-house publications.</p> <p>The Council has a comprehensive review system which outlines all policies and procedures that need to be reviewed on an annualised basis.</p>
<b>Critical issues:</b> NIL
<p><b>Recommendations for improvement:</b> It would be my recommendation that the scheduled document be linked into outlook which would make it an electronic 'bring-up' system.</p> <p>2] It would be my recommendation that the position descriptions be made more objective and move to be what is called positive performance indicators.</p>

## Critical element two

### – Planning, review and evaluation

#### (AS/NZS 4801:2001 Section 4.3, 4.4 and 4.5)

#### OBJECTIVE

The employer is able to demonstrate a focus on continuous improvement through a systematic approach to occupational health and safety that includes setting specific objectives, establishing and supporting systems or programmes to achieve objectives, regular review of progress and evaluation of outcomes.

Details of requirements	Verified by	Achieved Yes/No
1. There is a process to ensure that health and safety management for the workplace is reviewed.	1. Process to review health and safety management annually.	Yes
	2. Process to review health and safety management that occurs after a critical event and/or if there is a change in work procedures or health and safety policy.	Yes
2. Health and safety objectives are set that are appropriate to the size and type of business, relevant to each level within the business and related to identified hazards (where relevant).  (NB: Objectives set should be "SMART" – Specific – Measurable – Achievable – Realistic – Time-bound.)	1. Documented objectives and management plan to achieve objectives.	Yes
	2. Procedure to review objectives annually.	Yes
	3. Evidence that health and safety objectives have been reviewed.	Yes
	4. Evidence that senior management* and union* and other nominated employee representatives* have been included in annual review and setting of objectives.	Yes
3. There is an established consultative process to review and evaluate the effectiveness of hazard management.	1. Process or planning documents (or similar).	Yes
	2. Minutes, schedules (or similar) to show there is annual review of the effectiveness of hazard management processes.	Yes
4. The employer is able to demonstrate knowledge of current health and safety related information including legislation, regulations, current codes of practice, and other health and safety standards relevant to the particular workplace.	1. Process to identify the health and safety information specific to the employer's business.	Yes
	2. Process in place to ensure compliance or conformance with relevant requirements.	Yes
	3. Evidence of regular review to identify and accommodate any changes in requirements.	Yes
5. A procedure to undertake an annual self-assessment to ensure the programme audit standards can be met and maintained. The procedure involves management, union* and other nominated employee representatives*.	1. Self-assessment procedure.	Yes
	2. Evidence that a self-assessment has been undertaken within the previous 12 months (may be immediately prior to initial entry audit).	Yes

\* Please refer to the definitions in the ACC Workplace Safety Management Practices audit standards.

<b>Planning, review and evaluation</b>
<b>Standard achieved: Tertiary Pass</b>
<p><b>Comments:</b> As mentioned earlier there is a comprehensive review schedule that outlines which policies and procedures are to be reviewed and in what order and by whom. This includes the health and safety committee as well as the Senior Management team.</p> <p>Objectives have been set and these include moving the occupational health and safety to more in the core business of the council improving hazard management, expanding a wellness program, improving product management and to improve the overall induction to both the Council and health and safety.</p> <p>The overall objective for the Council is for zero lost time injuries. Sitting behind these objectives is a review system that identifies which objectives are to be reviewed and in what sequence.</p> <p>The Council has in place has a comprehensive data base of Acts, Regulations, libraries and websites that can be accessed to identify any compliance and conformance issues.</p> <p>The safety committee undertook the review self-assessment process prior to this audit.</p>
<b>Critical issues: NIL</b>
<p><b>Recommendations for Improvement:</b> It would be my recommendations that Q2.2 and Q2.3 be a little bit more detailed as to the review process in and around reviewing the objectives. The current system while in place and adequate is little light on detail.</p> <p>2] It would also be my recommendation that the Codes of Practice identified within Council be linked in with their internal inspection process and audit process.</p>

## Critical element three

### – Hazard identification, assessment and management

#### (AS/NZS 4801:2001 Section 4.3 and 4.4)

#### OBJECTIVE

The employer has an active method that systematically identifies, assesses and manages the actual and potential hazards in the workplace, over which the employer has authority or influence.

Details of requirements	Verified by	Achieved Yes/No
1. There is a systematic procedure to identify and record actual and potential hazards in the workplace.	1. A procedure that covers an understanding of the range of hazards including (for example) work organisation, job design and hazards facing employees working off-site.	Yes
	2. Review of hazard registers to support process in action.	Yes
	3. Records of regular review of the hazard identification and recording process.	Yes
2. There is a process to assess identified hazards to determine which hazards are significant* according to the definition in the health and safety in employment legislation.	1. Documented definition of significance.	Yes
	2. Process to demonstrate the identification of significant hazards* and evidence of implementation of this process.	Yes
	3. The hazard register (or similar) identifies which hazards are significant.	Yes
3. There are appropriate controls in place for each significant hazard based on the hierarchy in the health and safety in employment legislation to either:  (a) Eliminate the hazard completely;  (b) Isolate the hazard to prevent the exposure to that particular hazard; or  (c) Minimise the impact of the hazard.	1. Procedure for developing appropriate controls.	Yes
	2. Details of controls developed for significant hazards*.	Yes
	3. Process for the issue, renewal and maintenance of safety equipment related to significant hazards* including personal protective equipment.	Yes
	4. Evidence that controls developed for significant hazards* are based on appropriate documentation or advice (where applicable).	Yes
4. There are appropriately trained and/or experienced people leading the identification and management of hazards.	1. Records of training, and/or skills and experience for people leading hazard management.	Yes
	2. Evidence of ongoing training or increased experience for people leading hazard management that has occurred within the previous two years.	Yes



5. There is a procedure for obtaining specialist advice for managing specific hazards, where this competency is not available through internal staff.	1. Procedure to support the appropriate use of specialist advice (e.g. the management of hazardous substances, monitoring of noise levels or assessment of workstations).	Yes
	2. Accessibility of reference information for all staff (e.g. hard copy or electronic) that includes relevant legislation, regulations, codes of practice, safe operating procedures, MSDS etc.	Yes
	3. List or information about availability of internal or external health and safety specialist advice (where applicable).	Yes
6. There is a schedule documenting the minimum review timetable to monitor significant hazards* that have been isolated or minimised.	1. Hazard review timetable appropriate for particular identified hazards.	Yes
	2. Responsibilities assigned for ensuring timetable is met and signed off at each period.	Yes
7. There is active management of hazards associated with any new or modified equipment, material, services or work processes introduced into the workplace.	1. Hazard identification and management documents.	Yes
	2. A process for consultation with relevant health and safety personnel in the purchase or implementation of new or modified equipment, material, services or processes.	Yes
	3. Evidence of health and safety issues incorporated into purchasing and design decisions (where applicable).	N/A
8. There is an ongoing opportunity for the active involvement of union* and other nominated employee representatives* in identifying and managing hazards in the workplace.	1. Evidence of employee consultation or active involvement in hazard management, or the provision of ongoing opportunities for involvement (process document accepted for new applications).	Yes
9. There is a process to identify and manage any areas of the workplace requiring specific health monitoring in relation to tasks being undertaken (where applicable).	1. Process to identify tasks requiring monitoring and ongoing regular testing.	Yes
	2. Process to undertake baseline monitoring of health in relation to identified tasks and to notify results to employees (e.g. hearing tests, lung function tests).	Yes
	3. Process for post-critical event testing and exit testing.	Yes
	4. Process to manage sub-optimal test results that includes consideration of individual medical and vocational needs.	Yes
	5. Process to feed back sub-optimal results into hazard management.	Yes
10. There is a process to identify tasks where significant hazards* may make pre-employment health screening appropriate to ensure that the potential for work injury or work-related illness through exposure to those particular tasks is minimised.	1. Process documents.	Yes
	2. Documented rationale and process for pre-employment health screening that is linked to specific significant hazards* (where applicable).	Yes

11. Work areas, over which the employer has control or influence, are planned, so that the exposure of visitors and the general public to workplace hazards is minimised.	1. Clear marking of designated areas as appropriate.	Yes
	2. Signage, security logbooks or visitors' registers available as appropriate to specific areas of the workplace or escorting restrictions and induction for site visitors.	Yes
	3. Evidence that emergency procedures are covered with site visitors.	Yes
	4. Provision of appropriate personal protective equipment for visitors to the site (e.g. goggles, "hi-viz." vests).	Yes

\* Please refer to the definitions in the ACC Workplace Safety Management Practices audit standards.

<b>Hazard identification, assessment and management</b>
<b>Standard achieved:</b> Tertiary Pass
<p><b>Comments:</b> The hazard management system within Council is comprehensive with a wide scope. In general terms the policy and procedure sets up methodology to identify and manage hazards within each division and the Council has its own register. The hazard register breaks the hazards down into tasks which then sets up a control mechanism based up on the tasks. The system is comprehensive and detailed.</p> <p>Personal protective equipment is identified within each division and secured through each Manager of that division. Evidence was sighted that there is a good amount of training going on within the Council for the identification and management of hazards.</p> <p>Evidence was sighted that external providers are used to assist Council in identifying and managing hazards.</p> <p>The new plant and equipment is managed through the CAPEX system which requires that hazard assessment be undertaken. This is linked in with the hazard identification process but runs in parallel to the CAPEX system.</p> <p>The PSA is the union on site and are actively involved in the hazard identification and hazard management.</p> <p>The Council uses an external provider to provide monitoring of staff and evidence was sighted that this is undertaken. Also within the Council there is a comprehensive pre-employment medical which is linked into their medical provider if something is required to be reassessed.</p>
<b>Critical issues:</b> NIL
<p><b>Recommendations for improvement:</b> 1] It would be my recommendation that the area in and around personal protective equipment be more formalised and that specifications are drawn up as to what specific pieces of equipment are required for each level within the Council. This should be linked into the hazard register.</p> <p>2] It would also be my recommendation that the hazard register contain information that where audiograms are required for those people who are exposed to excessive noise.</p>

## Hazard management observation summary table

Significant hazard identified by the workplace	*Basic method of control selected by the workplace to	Details of controls recorded by the workplace	*Auditor's observation of controls in practice
1. Contaminated Water Infections	✓ Minimise	<ul style="list-style-type: none"> <li>▪ Training</li> <li>▪ Awareness</li> <li>▪ Testing</li> </ul>	✓ Mostly observed
2. Occupational Overuse Syndrome	✓ Minimise	<ul style="list-style-type: none"> <li>▪ VDU workstations</li> <li>▪ Workplace assessments</li> <li>▪ Training</li> <li>▪ Awareness</li> <li>▪ Discomfort reporting</li> </ul>	✓ Mostly observed
3. Working on and in around water	✓ Minimise	<ul style="list-style-type: none"> <li>▪ Personal flotation devices</li> <li>▪ SOP's</li> <li>▪ Training</li> </ul>	✓ Mostly observed
4. Stress and Fatigue	✓ Minimise	<ul style="list-style-type: none"> <li>▪ Training</li> <li>▪ Early Reporting</li> <li>▪ Management interventions</li> </ul>	✓ Mostly observed

(\*delete the non-applicable options)

### Recommended outcome

Overall it was observed at the time of the workplace review that the above-identified significant hazards were being managed in accordance with the management systems documented in the workplace.

**YES**

## Critical element four

### – Information, training and supervision

#### (AS/NZS 4801:2001 Section 4.4)

#### OBJECTIVE

The employer will ensure that all employees are informed of their own responsibilities and the employer's responsibilities for health and safety in the workplace. The employer will ensure that employees have specific knowledge concerning management of the hazards to which they are exposed through workplace procedures, environment, equipment and materials.

Details of requirements	Verified by	Achieved Yes/No
1. There is appropriate health and safety induction training for new employees and employees transferring to a new environment, role or task.	1. Evidence of staff health and safety induction training that includes consideration of the following needs (where appropriate): <ul style="list-style-type: none"> <li>– Emergency procedures</li> <li>– Incident and injury reporting</li> <li>– Hazard identification</li> <li>– Employer and employee responsibilities</li> <li>– The process for employee health and safety representation</li> <li>– Information about the health and safety forum/s</li> <li>– Designated roles for health and safety and rehabilitation</li> <li>– Work injury claims process</li> <li>– Rehabilitation responsibilities</li> <li>– Use and maintenance of relevant health and safety equipment, including personal protective equipment (eg, checklist, training information).</li> </ul>	Yes
	2. Signed employee induction training records (or similar individual verification).	Yes
2. There is identification of health and safety training needs in relation to hazards associated with specific roles, tasks or areas of work.	1. Procedure to identify training needs for specific roles, tasks, or areas of work (e.g. training needs assessment or training plan linked to hazard management).	Yes
3. All health and safety information and training is delivered so that the key messages are clearly understood, taking into account language, literacy, vision, hearing or other variables.	1. A process to determine that health and safety information and training have been understood.	Yes
	2. Signed employee training records (or similar individual verification).	Yes
	3. Evidence that task-specific training has occurred (e.g. certification, training records or similar where applicable).	Yes
	4. A process for “bring-up” reminder facility for recurring training or certification requirements including assignment of responsibilities for this process.	Yes

	5. Evidence to demonstrate that competency has been achieved following specific health and safety training (e.g. written or oral tests, certifications, practical skill demonstrations including on-the-job assessments).	Yes
4. There is access to internal staff members with the relevant skills, experience or qualifications to undertake training.	1. Guideline document (or similar) outlining health and safety trainer selection criteria.	Yes
	2. Records of internal trainer's skills, experience or qualifications.	Yes
5. There is a process to determine the relevant skills, experience or qualifications of external trainers used for specific training requirements.	1. Selection criteria or similar for use of external trainers (where applicable).	Yes
6. There is a system for controlling health and safety related documents and information including the dissemination of applicable information to staff and notification of outdated documents.	1. Document control system (paper based or electronic).	Yes
	2. Dates on health and safety documents at operational sites.	Yes
	3. Role-specific responsibilities to review health and safety documentation control.	Yes
7. Health and safety information specific to the workplace is available to all employees.	1. Access to further information is included in health and safety information available in the workplace (e.g. posters, signs, training, Intranet, briefings, meeting schedules or similar).	Yes
8. Supervision for employees undergoing on-the-job training is provided by experienced and skilled staff to ensure the employee's newness to the task or role does not endanger themselves, others or equipment.	1. A process that requires assessment of relevant experience and skills for the supervision of employees undergoing on-the-job training.	Yes
	2. A process for the clear designation of responsibility for supervision of new employees.	Yes

### Information, training and supervision

**Standard achieved:** Tertiary Pass

**Comments:** Induction is used with a checklist which is signed off by employees. Behind this there is a comprehensive training program that is run by a Training Manager. This person manages the training matrix and the individual Unit Managers identify what training needs are required for that person based on their skills required for the job. This training matrix also includes NZQA courses, First Aid, Approved Handlers etc.

The Council uses both internal and external providers and evidence was sighted of their criteria for selection. This includes qualifications, past users of their services and obviously cost.

The document control system is under a computer based system which is ISO accredited. A buddy system is in place for new staff and that is managed by the Unit Manager based on the skills matrix.

**Critical issues:** NIL

**Recommendations for improvement:** NIL

## Critical element five

### – Incident and injury reporting, recording and investigation

#### (NZS/AS 4801:2001 Section 4.4 and 4.5)

#### OBJECTIVE

The employer has an active reporting, recording and investigation system that ensures incidents and injuries are reported and recorded, and the appropriate investigation and corrective actions are taken. The terms incidents and injuries in this context include all "near miss" or "near hit" events, work-related illnesses and injury events that harmed or might have harmed any employee during the course of their work.

Details of requirements	Verified by	Achieved Yes/No
1. There is a system for reporting, recording and analysing incidents, injuries and work-related illnesses.	1. Documented procedure.	Yes
	2. Incident and injury (accident) reporting forms.	Yes
	3. On-site incident and injury (accident) registers.	Yes
	4. Procedures requiring early and prompt attention to all reported incidents and injuries.	Yes
	5. Collation of all injury and incident data into a central record for analysis.	Yes
2. Employees understand their specific responsibilities to report incidents, injuries and workplace illnesses that have or might have harmed anyone in the workplace.	1. Reporting systems available in all work areas (e.g. forms in hard copy or on-line).	Yes
	2. Staff communications, team briefings, health and safety meeting minutes.	Yes
	3. Examples of completed incident and injury reports (where applicable).	Yes
3. When a serious harm injury occurs to an employee the Occupational Safety and Health Service (OSH) of the Department of Labour is notified as soon as possible and a written report is sent within seven days.  (NB: There are other agencies that the employer may also need to notify to meet regulatory obligations, in the event of a serious harm injury.)	1. Procedure to notify OSH including documented responsibility for notification.	Yes
	2. Example(s) of notification within required timeframe when a serious harm injury has occurred (where applicable).	Yes
4. The employer has a procedure to investigate incidents and injuries that harmed or might have harmed an employee.	1. Incident and injury investigation procedure.	Yes
	2. Designated incident and injury (accident) investigators.	Yes
	3. Incident and injury (accident) investigation forms (forms in hard copy or on-line).	Yes
	4. Incident and injury (accident) investigation example reports (where applicable).	Yes

5. There is a procedure to ensure corrective action is undertaken in relation to any deficiencies identified during an investigation.	1. Procedure for corrective action to be undertaken when deficiencies are identified in an investigation.	Yes
	2. Feedback into hazard management included in the process.	Yes
	3. Responsibility for corrective action is assigned, time-bound, signed and dated as part of an incident and injury investigation and includes training and injury prevention feedback (where applicable).	Yes
	4. Evidence of senior management* involvement and follow-up (e.g. management minutes or communications).	Yes
6. Injury and incident data is reviewed to identify trends and provide information to managers and employees that can be used in injury prevention initiatives.	1. Process for at least annual review of collated data (e.g. minutes of meetings, distribution of findings to management and employees).	Yes
	2. Evidence of at least six monthly review of collated data (e.g. minutes of meetings, distribution of findings to management and employees).	Yes
	3. Evidence of injury prevention initiatives implemented where relevant (e.g. changes in work practices, specific training).	Yes

\* Please refer to the definitions in the ACC Workplace Safety Management Practices audit standards.

<b>Incident and injury reporting, recording and investigation</b>
<b>Standard achieved:</b> Tertiary Pass
<p><b>Comments:</b> There is a comprehensive system for the identification and management of accidents, all accidents down to near-misses are required to be reported. This then goes through to the Unit Manager who then instigates an investigation.</p> <p>The occupational health and safety reporting procedures require that the Safety Manager in conjunction with the CEO of the Department of Northland Regional Council makes a decision to report serious harm accidents to the Department of Labour.</p> <p>Accident statistics are kept and are viewed at the safety committees plus at the management meetings.</p> <p>The Council has a grading system for its qualifications from L1 through to L4.</p>
<b>Critical issues:</b> NIL
<b>Recommendations for improvement:</b> NIL

## Critical element six

### – Employee participation in health and safety management

#### (AS/NZS 4801:2001 Section 4.4)

#### OBJECTIVE

The employer will ensure that all employees have ongoing opportunities to be involved and to have their interests represented in the development, implementation and evaluation of safe workplace practices.

Details of requirements	Verified by	Achieved Yes/No
1. There is a forum (or series of forums) to enable communication between the employer, employees and union and other nominated employee representatives* on issues of interest and concern related to health and safety. (For a large or multi-site employer the number of forums should be appropriate to the size, type and geographic spread of the business, so that all employees have a "voice" through to management.)	1. Evidence of health and safety forum(s) that include the participation of management and employee representatives (e.g. minutes of meetings).	Yes
	2. Evidence of frequency of forum(s) at least quarterly (not applicable for new applications).	Yes
	3. Evidence of ongoing opportunity for joint involvement in injury prevention initiatives and, where applicable, injury management initiatives (e.g. planning notes, outcomes of joint initiatives).	Yes
	4. Evidence of consultative development, monitoring and review of health and safety policies, processes and performance at least annually (e.g. minutes of meetings, action plans, review documents).	Yes
2. There is a process agreed to by employees, to support union* and other nominated employee representative* involvement in health and safety development, monitoring and review.	1. Process for health and safety management that specifically supports employee involvement.	Yes
	2. Evidence of agreed process to elect or endorse union* and other nominated employee representatives* to support health and safety.	Yes
	3. Evidence that information on this process is readily available and communicated to all staff.	Yes
3. Health and safety training is provided to employees actively involved in health and safety management to assist in the development and establishment of safe workplace practices.	1. Evidence that health and safety training has been undertaken within the last two years.	YES

\* Please refer to the definitions in the ACC Workplace Safety Management Practices audit standards.



<b>Employee participation in health and safety management</b>
<b>Standard achieved:</b> Tertiary Pass
<b>Comments:</b> There is a safety committee that meets on a regular basis. Currently this is monthly. Committee members are elected from each department and evidence was sighted of the election process. There is a constitution that has been set up for the safety committee which outlines their roles and functions.  Health and Safety Representatives have attended representative training as provided under the Health and Safety Employment Act.
<b>Critical issues:</b> NIL
<b>Recommendations for improvement:</b> NIL

## Critical element seven

### – Emergency planning and readiness

#### (AS/NZS 4801:2001 Section 4.4)

#### OBJECTIVE

The employer has an effective general emergency plan to manage emergencies likely to occur within any part of the organisation's operation and to comply with legislative requirements.

Details of requirements	Verified by	Achieved Yes/No
1. There is a documented emergency plan that identifies potential emergency situations and meets relevant emergency service requirements.	1. Evidence of identification of the range of potential emergency situations in the workplace that considers the type and location of the employer (e.g. chemical spills, earthquakes, management of emergency situations for employees working alone).	Yes
	2. Evidence of consideration of emergency service requirements.	Yes
	3. An emergency plan that includes the response required for the relevant identified emergency situations.	Yes
2. Emergency procedures have been implemented and communicated to all employees and contract staff.	1. Evidence that the emergency procedures have been implemented and communicated (e.g. signage, communications, training).	Yes
3. Designated employee/s or wardens for each work area trained to take control in an emergency.	1. List of designated employees known to all staff.	Yes
	2. Training schedules and records.	Yes
	3. Evidence that review or refresher emergency training has been undertaken with designated employees within the previous year.	Yes
	4. Evidence of specific emergency training for designated staff according to identified potential emergencies in the workplace (e.g. civil defence emergency training, advanced first aid certificates).	Yes
4. There is periodic testing of emergency evacuation procedures at regular intervals – of no greater than six months apart.	1. Record of emergency evacuation drills.	Yes
5. There is a consultative review of emergency response procedures, after any practice drills and after any actual emergency event.	1. Minutes of review meetings, particularly post-critical event.	Yes
	2. Evidence of update to procedures and plans (where applicable).	Yes

<b>Emergency planning and readiness</b>
<b>Standard achieved:</b> Tertiary Pass
<p><b>Comments:</b> There is a comprehensive list for the identification of emergencies. In the main this covers fire, bomb, medical, natural disasters and mail. Below this each division has its own subset of emergencies that would be relevant to their particular part of the business. This could include for example coastal and marine, man overboard situations.</p> <p>Within the Council chambers there are Fire Wardens who have been trained to do fire wardens duties. Evidence was sighted on this training.</p> <p>Emergency drills have been activated and a record is kept of these. There is an approved scheme from the Fire Service who have attended some of the emergency drills.</p>
<b>Critical issues:</b> NIL
<p><b>Recommendations for improvement:</b> It would be my recommendation that the core occupational health and safety manual also outline the specific field operations that may require some form of emergency response.</p>

## Critical element eight

### – Protection of employees from on-site work undertaken by contractors and subcontractors

#### (AS/NZS 4801:2001 Section 4.4)

#### OBJECTIVE

The employer has a systematic approach to ensure that contractors, subcontractors and their employees do not cause harm to the employees of the principal while undertaking the work required by the contract.

(NB: There are other specific duties required of the employer as a principal under the terms of the health and safety in employment legislation that are not part of this programme's requirements.)

Details of requirements	Verified by	Achieved Yes/No
1. Induction to on-site health and safety procedures is co-ordinated by a designated person(s) for all contracted staff, including one-off maintenance contractors or similar.	1. Process for the induction of contractors and their staff, according to their level of involvement with employees in the workplace, and including sign-off by employer and contractor or subcontractor.	Yes
	2. Designated person(s) to co-ordinate health and safety induction for contractors.	Yes
	3. Evidence of completed contractor induction (where applicable).	Yes
2. Criteria to select and manage contractors include assessment of health and safety performance.	1. Documented procedures (e.g. selection checklist or similar).	Yes
	2. Contractor plans include: <ul style="list-style-type: none"> <li>– Staff training and competencies</li> <li>– Current certification and permits</li> <li>– Declaration of the above signed by contractor.</li> </ul>	Yes
3. Health and safety expectations and responsibilities are written into contracts.	1. Evidence that health and safety responsibilities are written into contracts (e.g. procedures, signed contracts).	Yes
4. There is a process to actively monitor the health and safety performance of the contractor at agreed regular intervals for the duration for the contract where relevant.  (NB: Only applies to contract work undertaken on a site where there are employees of the principal present.)	1. Evidence of review of work site health and safety performance including dates and responsibilities.	Yes
	2. Evidence of feedback from the contractor into hazard identification and incident and injury reporting (where applicable).	Yes
5. Post-contract evaluations include health and safety as part of the evaluation.	1. Process for post-contract evaluation.	Yes
	2. Evidence of completed post-contract evaluations (where applicable).	Yes

<b>Protection of employees from on-site work undertaken by contractors and sub-contractors</b>
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<b>Standard achieved:</b> Tertiary Pass
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<b>Comments:</b> There is a comprehensive list for the contractors who are on site. They have been inducted and signed induction records have been viewed. Behind this is selection process which requires that contractors are selected against their occupational health and safety system, the training of their staff and any competencies that they may have. Once the contractor has been selected they are then given a contractor contract which clearly outlines both party's accountabilities and responsibilities.
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Behind this is an inspection process whereby occupational health and safety committee members and/or all unit staff evaluate the contractor using the evaluation form. The Council has a system where there are four levels of interventions to manage contractors based on the risk exposure of the contractor to contract to Council staff.
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<b>Critical issues:</b> NIL
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<b>Recommendations for improvement:</b> It would be my recommendation that the Council look at the number of forms and documents that fall under the contractor management system and it would appear from the audit that some of these systems are redundant where new systems have taken over. An example of this would be under the quality control system may have duplications.
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## Critical element nine

### - Workplace observation; Confirmation of safe systems in action

#### OBJECTIVE

Under this section, there are a few systems-related requirements that need to be observed on each selected site that is visited as part of the independent audit. This will provide some indication of how the documented systems work in practice.

(NB: This is NOT a detailed site inspection and should not be relied on to satisfy legal compliance with other health and safety obligations.)

Details of requirements	Verified by	Achieved Yes/No
1. The auditor is able to observe some selected audit standard requirements in practice.	1. Hazard registers.	Yes
	2. Evidence of assessment of hazards to determine their significance.	Yes
	3. Current safety information on display.	Yes
	4. Incident and injury (accident) registers available in the workplace (hard copy or electronic).	Yes
	5. Forms completed (where applicable).	Yes
	6. Evidence of personal protective equipment in use according to what is appropriate for the area visited.	Yes
	7. Restricted areas of work are clearly marked.	Yes
	8. Escorting and signing requirements are in place for restricted areas of work.	Yes
	9. Emergency evacuation procedures are clearly outlined (e.g. signs, posters, designated listed employees trained to take control in an emergency e.g. Wardens, first-aiders).	Yes
	10. Emergency exits are clearly marked.	Yes
	11. Emergency equipment is clearly marked and current.	Yes
	12. Security logbooks, visitor registers (or similar) are provided.	Yes
	13. Personal protective equipment is available for site visitors (where applicable).	Yes

<b>Workplace observation</b>
<b>Standard achieved:</b> Primary Pass
<b>Comments:</b> A work place observation was conducted at Northland Regional Council. Adequate fire emergency signage was observed along with fire hoses and extinguishers. The Auditor was required to sign in and be accompanied by an employee of the Council. The general tidiness and housekeeping of the Council was of a high standard, was well signposted with hazards and directions.
<b>Critical issues:</b> NIL
<b>Recommendations for improvement:</b> NIL

## Critical element ten

### – Focus group interview; Confirmation of safe systems in action

#### OBJECTIVE

The employer is able to confirm and validate hazard management systems through management and employee focus groups.

Details of requirements	Achieved Yes/No
1. There is an understanding of what constitutes a hazard in the workplace.	Yes
2. There is an understanding of the process for hazard identification.	Yes
3. There is an awareness of respective responsibilities in the identification of hazards.	Yes
4. #There is an understanding of the term "significant hazard" and the hierarchy of controls in the management of these hazards.	Yes
5. There is an understanding of injury and incident reporting and recording requirements.	Yes
6. There is an understanding of injury or incident investigations including designated responsibilities and the role of the injured employee and the manager concerned.	Yes
7. There is an understanding of the responsibilities for corrective action resulting from an injury or incident investigation.	Yes
8. #There is an understanding of how to initiate rehabilitation support and assistance for any injured employees.	Yes
9. There is an understanding of the process for union* and other nominated employee representation* and the way in which to raise health and safety issues.	Yes
10. There is an understanding of the emergency procedures in the workplace.	Yes
11. #There is an understanding of how to initiate rehabilitation, and of the support available from management for the early return to work of injured employees.	Yes

# While these questions may be asked at the management and employee focus groups, primary responsibility for understanding rests with the management focus group.

\* Please refer to the definitions in the ACC Workplace Safety Management Practices audit standards.

<b>Focus group interview summary</b>
<b>Standard achieved:</b> Tertiary Pass
<b>Number of focus group interviews undertaken:</b> 2
<b>Positions and interests represented in the <u>employee</u> focus group(s):</b> 3 field staff
<b>Positions and interests represented in the <u>management</u> focus group:</b> The Deputy CEO of Council, HR Manager
<b>Summary comments from focus group interviews:</b> Both parties clearly understood the function of hazard management and how it relates to the on-going system for injury prevention within the Council. Both parties talked about accident reporting and recording as well as near-miss reporting. The notion of accident investigation was well understood and both groups gave good examples of where accidents had been investigated and remedial actions put in place. The notion of rehabilitation was widely understood and again both groups gave good examples of where rehabilitation had taken place. Emergency procedures were well understood and all staff knew what to do and could give examples of recent drills.
<b>Critical issues:</b> NIL
<b>Recommendations for improvement:</b> NIL



## **ACC WSMP Audit – August 2012**

### **Recommendations for Improvement and Action Taken:**

#### **Employer Commitment to Safety Management Practices:**

- It would be my recommendation that the scheduled document be linked into outlook which would make it an electronic 'bring-up' system.

**Action Taken:**

The scheduled document has been linked into Outlook.

- It would be my recommendation that the position descriptions be made more objective and move to be what is called positive performance indicators.

**Action Taken:** Job descriptions are yet to be updated but this will be done in conjunction with annual performance and salary reviews including review of job descriptions in April and May next year.

#### **Planning, Review and Evaluation:**

- It would be my recommendations that Q2.2 and Q2.3 be a little bit more detailed as to the review process in and around reviewing the objectives. The current system while in place and adequate is little light on detail.

**Action Taken:**

It is agreed that some further information is required and this will be done when the objectives are next reviewed.

- It would also be my recommendation that the Codes of Practice (COP's) identified within Council be linked in with their internal inspection process and audit process.

**Action Taken:**

The ACOP's have been put into the H&S Manual for everyone to access and use.

#### **Hazard Identification, Assessment and Management:**

- It would be my recommendation that the area in and around personal protective equipment be more formalised and that specifications are drawn up as to what specific pieces of equipment are required for each level within the Council. This should be linked into the hazard register.

**Action Taken:**

The need for a database has been discussed but is yet to be created.

- It would also be my recommendation that the hazard register contain information that where audiograms are required for those people who are exposed to excessive noise.

**Action Taken:**

The audiogram requirements have been added to the Hazard Register.

### **Emergency Planning and Readiness:**

- It would be my recommendation that the core occupational health and safety manual also outline the specific field operations that may require some form of emergency response.

#### **Action Taken:**

New emergency procedures have been added to the manual including:

- a) Reception Emergency Response;
- b) Vehicle Safety when Working in Isolated Areas;
- c) Towing Trailers;
- d) Working with Acid During Monitoring from a Kayak, and
- e) Working Around Rocks and Water.

### **Protection of Employees from on site work undertaken by Contractors and Sub Contractors:**

- It would be my recommendation that the Council look at the number of forms and documents that fall under the contractor management system and it would appear from the audit that some of these systems are redundant where new systems have taken over. An example of this would be under the quality control system may have duplications.

#### **Action Taken:**

Contractor Policy has been reviewed and the number of forms has been reduced. The Policy just needs to be edited and formatted to current standards.

Who's  
putting local  
issues on  
the national  
agenda?

**We are.  
LGNZ.**

14 November 2013

Ministry of Business, Innovation & Employment  
56 The Terrace  
Wellington  
New Zealand

Dear Sir/Madam,

**Re: Feedback on Health and Safety Reform Bill exposure draft (question 6; paragraphs 16 and 17 of the commentary document)**

*Local Government New Zealand (LGNZ)* welcomes the opportunity to provide feedback on the Health and Safety Reform Bill exposure draft (Draft Bill). LGNZ is a member-based organisation representing all 78 local authorities in New Zealand. LGNZ's governance body is the National Council.

LGNZ and its members have a particular interest in the sixth question posed by the commentary document: whether elected members ought to be exempted from the definition of "officers" under the proposed legislation.

LGNZ understands that the Model Law the Draft Bill is based on explicitly excludes elected members of local authorities (when acting in that capacity). LGNZ agrees with this position and sees no sound policy reasons for the Draft Bill to adopt a different approach.

LGNZ understands that the definition of "officers" needs to be broad enough to capture people in various roles (regardless of the title used) at the top of a PCBU and, as a consequence, elected members will fall within the definition unless exempted. There are, however, good reasons for regarding elected members differently from company directors and similar classes of people with management responsibilities for PCBUs.

Elected members' roles are circumscribed by the Local Government Act 2002 (LGA); which gives them governance positions, but in such a way that they do not (and cannot) have an operational management role. LGNZ considers it important not to upset the balance of responsibilities under the LGA, which involves elected members providing political guidance and employing a Chief Executive, who holds all operational responsibilities (including for health and safety) and employs all other staff.

Subjecting elected members to a personal (and very material) obligation to satisfy themselves in relation to operational aspects of how local authorities function would fundamentally change their relationship with the Chief Executive. LGNZ is of the opinion that, to be workable, such a change may necessitate wider changes to the LGA (which would be undesirable for other reasons). Further, it is difficult to see how, under the existing model of local government, elected members as officers would be able to easily satisfy themselves that local authorities' duties as PCBUs had been satisfied except through the assurance of their Chief Executive.

Lastly, LGNZ agrees with the point made in the commentary document about the effects of subjecting elected members to this duty. It is likely to discourage some people from standing for elected office, which is undesirable given that these positions are inherently political and play an important role in local democracy.

LGNZ will also welcome the opportunity to appear before the Select Committee on this matter in due course.

Yours sincerely,

Malcolm Alexander  
Chief Executive  
Local Government New Zealand

**ISSUE: Financial Report to 29 October 2013**

**ID:** A593516

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Angela Hobden, Financial Accountant

**Date:** 12 November 2013

**Summary** The purpose of this report is to present the **Summary Council Cost of Services Statement** and the **Cost of Service Statements by Activity** for the four months ended 29 October 2013 for councillors' information. It concludes with the recommendation that this report be received.

<b>Report Type:</b>	<input type="checkbox"/> Normal operations	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input checked="" type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Report:**

**Overview**

This report presents the operating results for council for the four months ended 29 October 2013.

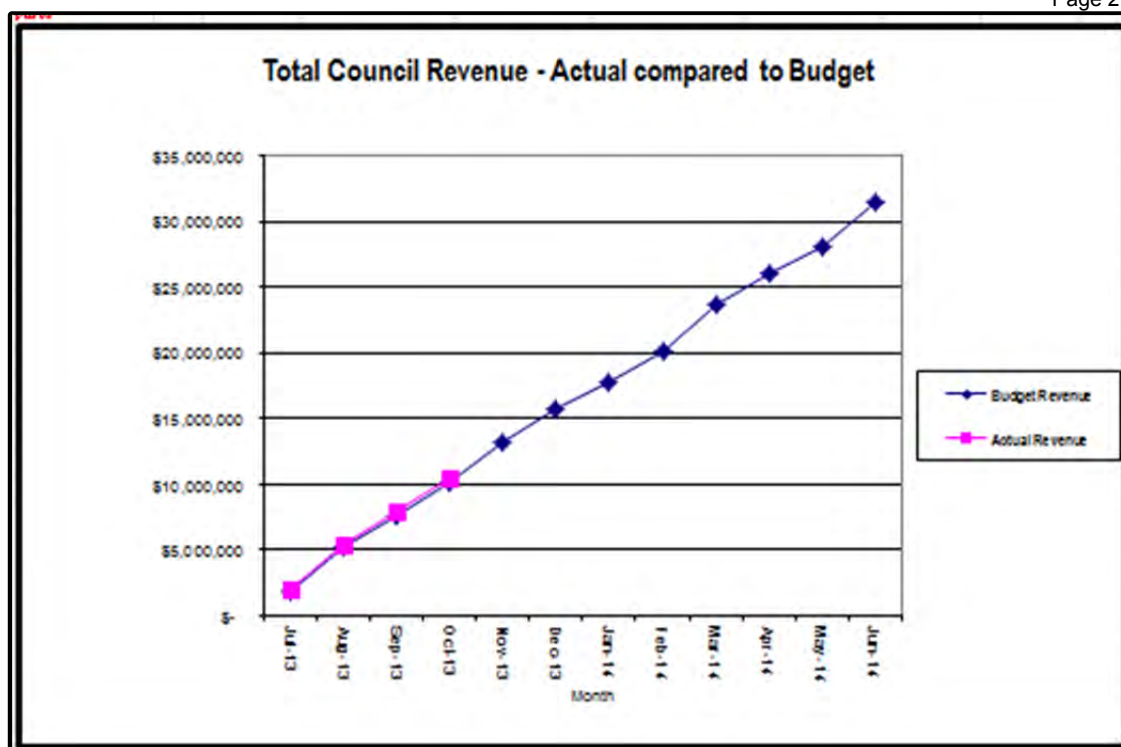
For the total council Financial Results refer to **Attachment A**, for the Financial Dashboard refer to **Attachment B**, and for the Balance Sheet refer to **Attachment C**.

**Operating Results:**

The Summary Cost of Services Statement for the year to date (YTD) shows a net operating surplus of \$2.115M against a budgeted net surplus of \$1.094M, resulting in an overall favourable variance for the year to date of \$1.021M. This variance arises from the total expenditure for the four months being behind budget by \$572K or 6%, and the total revenue being ahead of budget by \$449K or 4%.

**Revenue:**

Year to date revenue is \$10.6M which is \$449K or 4% above budget. This is illustrated by the following line graph.



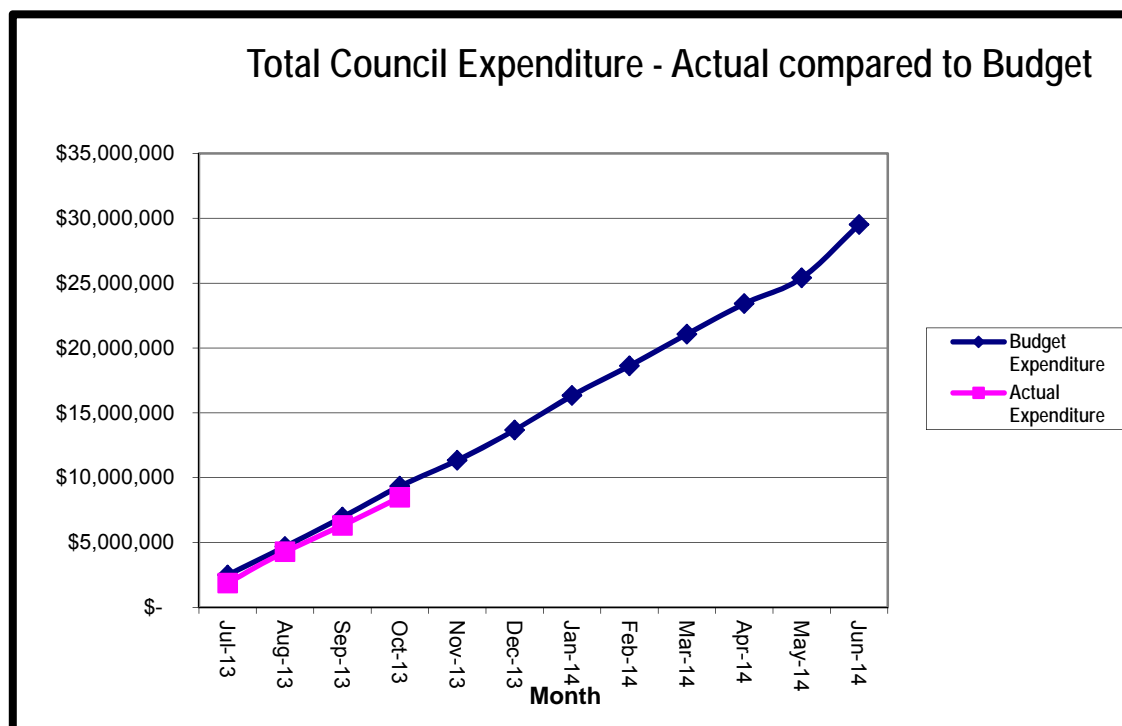
The material differences that make up the \$347K year to date favourable revenue variance are:

- **User Fees and Sundry – has a favourable variance/is greater than budget by YTD \$35K or 3%**
  - Additional unbudgeted income of \$50K has been received after the council Transport Team performed an audit of bus ticket sales from the Bus Company and identified a shortfall. This income will be spent on Bus Service promotion this year.
- **Grants and Subsidies- has a favourable variance/is greater than budget by YTD \$67K or 22%**
  - This relates to the recognition of subsidies from the Ministry of Primary Industries for the Oyster Shell project. This subsidy will be spent on the Oyster Shell Project in the future.
  - As mentioned last month some budgeted subsidies have not been received for transport activities and Total Mobility. This is reflected by lower expenditure in these areas and results from lower public demand.
- **Investment Interest Income – is on budget**
  - As a direct result of the additional investments council made in August and September at higher interest rates the weighted average of interest received is now 4.9% against a budget for the year of 5%.

- **Investment Property Income – has a favourable variance/is greater than budget by YTD \$94K or 9%**
  - Rental income from these properties is higher than budget as a result of the settlement of rentals. This occurred after budgets had been set.
- **Dividend Income – has a favourable variance/is greater than budget by YTD \$55K or 5%**
  - Northland Port Corporation dividends received so far this year were higher than budgeted by 0.25 cents per share.
- **Community Investment Fund Income- has a favourable variance/is greater than budget by YTD \$37K or 17%**
  - The average return from these investments is 7.26% compared to our budgeted average of 6.54%.

### Expenditure

Year to date expenditure is \$8.479M which is \$573K or 6% less than budget, as shown in the following line graph.



The material differences that make up the year to date favourable expenditure variance of \$573K are:

- **Resource Management Group** has an underspend of \$256K or 6% for the year to date. This variance is split over a number of cost centres within the resource management activity as follows:
- **Biosecurity – has a favourable variance/is less than budget YTD by \$59K or 7%**
  - Poisons and fieldwork underspend of \$59K is due to a delayed start to the wild rice spraying contracts as a result of weather conditions. This has

now started. Three further community pest control areas are awaiting confirmation and the purchase of materials. These are expected to occur in the New Year.

- **Consents Applications – has a favourable variance/is under budget by \$149K or 40%**
  - Consultant expenditure is underspent by \$38K and legal fees are underspent by \$7K YTD due to a lower level of consent applications being received than originally anticipated. The salaries expenditure YTD is lower than budget by \$113K due to the continued staff vacancy and internal secondment.
- **State of the Environment Monitoring –has a favourable variance/is less than budget by \$116K or 23%**  
Predominantly driven by:
  - Labour charges are \$50k less than budget due to the reallocation of time for staff between State of the Environment and Compliance Monitoring.
  - Consultant expenditure is less than budget by \$43K and commercial testing is \$4K underspent. It is difficult to estimate the timing of these costs.
- **Compliance Monitoring, Environmental Incidents response – has an unfavourable variance/is more than budget by \$34K or 3%**
  - Predominantly this is due to legal fees being \$50K ahead of budget because of the number and difficulty of prosecutions.
  - Contractor expenses for dairy farm effluent inspection and monitoring are also ahead of budget by \$21K.
  - However this is partly offset by less expenditure on contract staff \$23K for other monitoring as there have been fewer complaints in relation to noise and air pollution received than anticipated and less air quality testing has been needed than expected by \$11K.
- **Planning and Policy – has an unfavourable variance /is over budget by \$56K**
  - Hearing Committee expenditure for the Regional Policy Statement was originally expected to occur in the 2012/13 year. Council decided to budget at lower than the national average for this expenditure and use the Forestry Equalisation Reserve to fund the shortfall. This unfavourable variance therefore only results because the spending has not yet been taken from the Forestry Equalisation Reserve. At the end of the financial year council may choose whether to use any surplus instead of the reserve.
  - Legal fees have an unfavourable variance of \$20K as advice regarding councillors' conflicts of interest was unbudgeted.
- **River Management Group – variance YTD not material**
- **Economic Development Group –unfavourable variance/is over budget by \$40K or 4%**
  - The majority of this over expenditure \$29K relates to labour charges for a staff member transferred to this activity.



- Consultant expenditure was over budget by \$6K which relates to expenditure for the Oyster Shell Project. This is offset by additional subsidies as mentioned in the revenue section.
- **Hazard Management Group – favourable variance/is under budget by \$142K or 26%**
  - **Civil Defence and Emergency** has an underspend of \$28K or 15% due to reduced labour costs resulting from internal secondments and \$6K from consultancy costs not occurring as anticipated.
  - **Natural Hazard Management** has an underspend of \$112K or 36% due to an underspend in consultants originally programmed to occur evenly throughout the year. Work is expected to come on stream now with the contract for coastal hazard assessments let in October.
- **Transport Group – favourable variance/is under budget by \$173K or 12%**
  - **Harbour Safety and Navigation** has an underspend of \$59K or 10% of which \$26K relates to a planned promotion which will now be carried out over summer. Expenditure on navigation aids is also less than budget but will be on track by year of end. There was an overspend of \$4K this month in maintenance as a fuel tank required a welding repair.
  - **Passenger Transport Administration** has an underspend of \$89K or 12% due to the lesser demand for services and a lower negotiated contract for the CityLink services.
  - **Regional Transport Management** has an underspend of \$25K or 18% due to an underspend in advertising associated with the delayed planned promotion while the contract for services was being reassigned.
- **Community Representation and Engagement - variance YTD not material**
- **Support Services and Commercial Investments – variance YTD not material**  
Support services activity is made up of the following four areas: Finance and Information Technology, Human Resources and Health and Safety, Information Management and Administration and Communications. All support costs are recharged out to other council activities.
- **Capital Expenditure**  
Capital expenditure for the year to date is \$1.256M against a budget of \$1.943M. Expenditure on harbour navigation systems, the biosecurity floating dock, monitoring equipment and information systems are behind budget but expected to catch up during the year. River Management is also behind budget but has purchased another property in November.

<b>Capex Reporting</b>				
<b>Year to Date Report to 29 October 2013</b>				
<b>Activity</b>	<b>YEAR TO DATE</b>			<b>Revised Budget</b>
	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>YTD Variance</b>	
Monitoring	32,383	52,056	19,673	118,669
Biosecurity	5,626	30,000	24,374	55,000
Emergency Management	1,000	1,250	250	1,250
Land and Biodiversity	4,104	4,512	408	29,512
Harbour Safety and Navigation	27,594	130,451	102,857	242,451
Oil Pollution Response	2,050	5,000	2,950	5,000
River Management	868,271	1,237,056	368,785	3,923,346
Commercial Investments	0	38,902	38,902	222,501
Information Systems	153,993	262,225	108,232	717,772
Community Representation and Engagement	0	18,927	18,927	18,927
Support	160,579	162,900	2,321	565,991
<b>GRAND TOTAL FOR COUNCIL</b>	<b>1,255,600</b>	<b>1,943,279</b>	<b>687,678</b>	<b>5,900,419</b>

### Balance Sheet

As noted last month, other investments, cash and cash equivalents have a variance against budget which results from the timing of maturities.

### Legal compliance and significance assessment:

The activities detailed in this report are provided for in the council's 2013/2014 Annual plan, and as such are in accordance with the council's decision making process and sections 76-82 of the local Government Act 2002.

In relation to section 79 of the Local Government Act 2002, this issue is considered to be of low significance under council policy because it is part of normal day to day operations of council, and it does not require a council decision but is for information purposes only.

### Recommendation:

1. That the report Financial Report to 29 October 2013 by Angela Hobden, Financial Accountant, dated 12 November 2013, be received.

# Council Detailed Report

## Year to Date Report to 29 October 2013

									Full Year Revised Budget
Total Council	Month Actual	Month Budget	Variance	Variance %	YTD Actual	YTD Budget	Variance	Variance %	
<b>Revenue</b>									
Rates	1,467,386	1,459,348	8,038	1%	5,896,641	5,837,392	59,249	1%	17,512,172
User Fees and Sundry	506,440	516,512	( 10,071)	-2%	1,099,132	1,064,190	34,942	3%	4,355,314
Grants and Subsidies	32,294	95,335	( 63,041)	-66%	366,857	300,269	66,589	22%	971,190
Investment Interest Income	149,074	115,246	33,828	29%	458,052	458,762	( 710)	0%	2,199,106
Investment Property Income	244,380	232,909	11,471	5%	1,192,930	1,098,509	94,421	9%	3,636,608
Forestry Income	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	1,217,860	1,162,503	55,357	5%	2,103,577
Community Investment Fund Income	86,567	56,030	30,538	55%	362,926	224,118	138,808	62%	672,355
<b>Total Revenue</b>	<b>2,486,142</b>	<b>2,475,380</b>	<b>10,763</b>	<b>0%</b>	<b>10,594,398</b>	<b>10,145,743</b>	<b>448,655</b>	<b>4%</b>	<b>31,450,323</b>
<b>Expenditure</b>									
<b>Resource Management</b>									
Biosecurity	224,632	268,878	44,245	16%	784,096	843,378	59,282	7%	2,590,659
Consents advice and information	67,225	66,861	( 364)	-1%	279,237	285,772	6,535	2%	843,191
Consents applications	48,299	86,000	37,702	44%	226,651	376,243	149,591	40%	1,098,190
Land and Biodiversity	152,082	195,614	43,532	22%	662,902	678,072	15,170	2%	2,298,564
Compliance Monitoring, Environmental incidents response	286,139	235,622	( 50,517)	-21%	1,009,302	975,589	( 33,712)	-3%	2,900,438
State of the environment monitoring	84,651	114,284	29,633	26%	393,086	509,047	115,961	23%	1,652,430
Planning and policy	191,804	181,587	( 10,217)	-6%	815,149	758,681	( 56,468)	-7%	2,638,738
<b>Total Resource Management</b>	<b>1,054,834</b>	<b>1,148,847</b>	<b>94,014</b>	<b>8%</b>	<b>4,170,422</b>	<b>4,426,781</b>	<b>256,359</b>	<b>6%</b>	<b>14,022,210</b>
<b>River Management</b>									
River Management	107,797	184,943	77,146	42%	642,949	675,697	32,748	5%	3,448,353
<b>Total River Management</b>	<b>107,797</b>	<b>184,943</b>	<b>77,146</b>	<b>42%</b>	<b>642,949</b>	<b>675,697</b>	<b>32,748</b>	<b>5%</b>	<b>3,448,353</b>
<b>Economic Development</b>									
Economic development activities	332,160	303,582	( 28,578)	-9%	693,332	656,061	( 37,271)	-6%	1,403,194
Economic development projects	38,948	37,415	( 1,533)	-4%	306,032	303,016	( 3,016)	-1%	1,491,145
<b>Total Economic Development</b>	<b>371,108</b>	<b>340,997</b>	<b>( 30,111)</b>	<b>-9%</b>	<b>999,364</b>	<b>959,077</b>	<b>( 40,287)</b>	<b>-4%</b>	<b>2,894,339</b>
<b>Hazard Management</b>									
Civil defence and emergency	35,308	43,705	8,397	19%	160,487	188,582	28,095	15%	546,520
Natural hazard management	47,986	76,181	28,195	37%	198,986	310,582	111,597	36%	930,475
Oil pollution response	11,050	9,109	( 1,941)	-21%	39,340	41,356	2,015	5%	133,215
<b>Total Hazard Management</b>	<b>94,344</b>	<b>128,995</b>	<b>34,651</b>	<b>27%</b>	<b>398,813</b>	<b>540,520</b>	<b>141,707</b>	<b>26%</b>	<b>1,610,210</b>
<b>Transport</b>									
Harbour safety and navigation	166,040	175,132	9,092	5%	536,664	595,335	58,671	10%	1,686,126
Passenger transport administration	160,130	186,475	26,345	14%	650,041	739,138	89,096	12%	2,316,330
Regional transport management	24,241	34,038	9,796	29%	119,004	144,429	25,425	18%	424,180
<b>Total Transport</b>	<b>350,411</b>	<b>395,645</b>	<b>45,233</b>	<b>11%</b>	<b>1,305,709</b>	<b>1,478,901</b>	<b>173,192</b>	<b>12%</b>	<b>4,426,636</b>

## Council Detailed Report

### *Year to Date Report to 29 October 2013*

									<i>Full Year Revised Budget</i>
<i>Total Council</i>	<i>Month Actual</i>	<i>Month Budget</i>	<i>Variance</i>	<i>Variance %</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>Variance</i>	<i>Variance %</i>	
<b>Community Representation and Engagement</b>									
Environmental education	33,982	41,014	7,032	17%	145,646	165,895	20,249	12%	505,237
Community Representation and Engagement	146,719	143,136	( 3,583)	-3%	672,183	662,718	( 9,466)	-1%	1,865,793
<b>Total Community Representation and Engagement</b>	180,701	184,150	3,449	2%	817,830	828,613	10,783	1%	2,371,030
<b>Support Services and Commercial Investments</b>									
Commercial	25,871	19,876	( 5,995)	-30%	143,933	141,974	( 1,959)	-1%	364,403
Communications	49,153	66,237	17,084	26%	345,777	343,156	( 2,622)	-1%	1,079,431
Finance and Information Technology (IT)	280,815	312,072	31,257	10%	1,076,406	1,086,793	10,387	1%	3,850,591
Information Management and Administration	36,435	53,769	17,334	32%	350,801	411,758	60,956	15%	820,854
Human Resources	19,477	22,890	3,413	15%	91,986	98,532	6,546	7%	314,501
Internal Transfers	( 387,109)	( 444,891)	( 57,782)	13%	( 1,864,970)	( 1,940,238)	( 75,268)	4%	( 5,654,111)
<b>Total Support Services and Commercial Investments</b>	24,642	29,953	5,311	18%	143,932	141,974	( 1,959)	-1%	775,670
<b>Total Expenditure (Note 1)</b>	<b>2,183,837</b>	<b>2,413,530</b>	<b>229,693</b>	<b>10%</b>	<b>8,479,020</b>	<b>9,051,563</b>	<b>572,543</b>	<b>6%</b>	<b>29,548,448</b>
<b>Net (Cost)/Surplus of Services</b>	302,305	61,849	240,456	389%	2,115,378	1,094,180	1,021,199	93%	1,901,874

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## Council Detailed Report

### *Year to Date Report to 29 October 2013*

<b>Total Council</b>	<b>Month Actual</b>	<b>Month Budget</b>	<b>Variance</b>	<b>Variance %</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>Variance %</b>	<b>Full Year Revised Budget</b>
<b>Other Gains</b>									
Forestry Revaluation	-	-	-	-	-	-	-	-	147,447
Emissions Trading Scheme	-	-	-	-	-	-	-	-	30,686
<b>Total Gains</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178,133</b>
<b>Net Operating (Cost)/Surplus of Service before transfer from/(to) Special Reserves</b>	<b>302,305</b>	<b>61,849</b>	<b>240,456</b>	<b>389%</b>	<b>2,115,378</b>	<b>1,094,180</b>	<b>1,021,198</b>	<b>93%</b>	<b>2,080,007</b>
<b>Transfers from/(to) Special Reserves</b>									
Transfers from/(to) Awanui River									211,774
Transfers from/(to) Kaihu River									( 43,993)
Transfers from/(to) Kaeo River reserve									( 891)
Transfers from/(to)Whangarei Urban River Reserve									29,596
Transfers from/(to)Priority Rivers Reserve									( 20,553)
Transfers from/(to) Infrastructure Facilities Reserve									( 132,895)
Transfers from/(to) Recreational Facilities Reserve									( 829,323)
Transfers from/(to)Forest Income Equalisation Reserve									596,848
Transfers from/(to)Hatea River Reserve									( 48,540)
Transfers from/(to) Environment Fund Reserve									3,139
Transfers from/(to) Investment and Growth Reserve									( 1,820,739)
Transfers from/(to) Approved Carry Forwards- General Funds									398,000
Transfers from/(to)Waipapa Kerikeri River Reserve									107,166
Transfers from/(to) Community Investment Reserve									( 245,114)
<b>Net Operating (Cost)/Surplus of Service after transfer from/(to) Special Reserves</b>	<b>302,305</b>	<b>61,849</b>	<b>240,456</b>	<b>389%</b>	<b>2,115,378</b>	<b>1,094,180</b>	<b>1,021,198</b>	<b>93%</b>	<b>284,483</b>

<b>Note 1: Total Expenditure by type</b>					<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>Variance %</b>	<b>Full Year Revised Budget</b>
Labour Costs	826,075	841,029	14,954	2%	3,708,982	3,773,417	64,435	2%	10,924,560
Operations	1,219,163	1,433,575	214,412	15%	4,222,691	4,722,383	499,692	11%	16,955,745
Member Expenses	44,200	44,630	430	1%	170,001	178,521	8,520	5%	535,562
Depreciation	94,398	94,316	( 83)	0%	377,346	377,262	( 84)	0%	1,131,791
Finance Overheads	387,109	444,871	57,762	13%	1,864,970	1,940,218	75,248	4%	5,708,901
Internal Recharges	( 387,109)	( 444,891)	( 57,782)	13%	( 1,864,970)	( 1,940,238)	( 75,268)	4%	( 5,708,111)
<b>Total Expenditure</b>	<b>2,183,837</b>	<b>2,413,530</b>	<b>229,693</b>	<b>10%</b>	<b>8,479,020</b>	<b>9,051,563</b>	<b>572,543</b>	<b>6%</b>	<b>29,548,448</b>

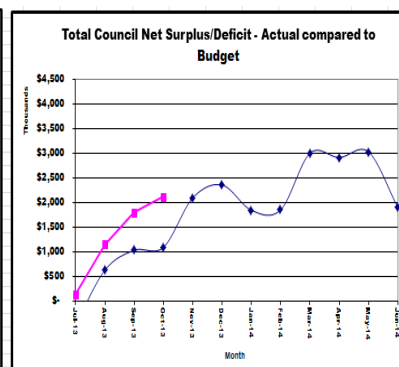
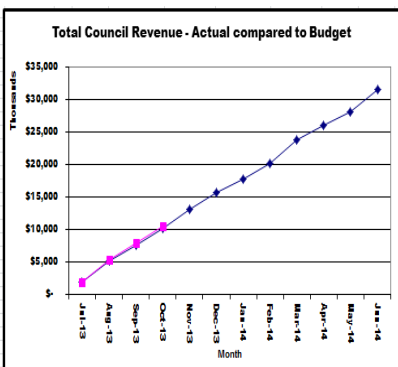
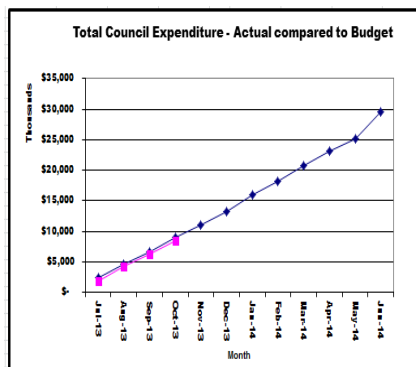
# Northland Regional Council

## FINANCIAL DASHBOARD

Year to Date Report to 29 October 2013

### SUMMARY OPERATING RESULTS

	000's ACTUAL YTD	000's BUDGET YTD	000's VARIANCE YTD
Revenue (including other gains)	\$ 10,594	\$ 10,146	\$ 449
Expenditure	\$ 8,479	\$ 9,052	\$ 572
<b>NET (COST)/SURPLUS BEFORE TRANSFERS FROM/(TO) RESERVES</b>	<b>\$ 2,115</b>	<b>\$ 1,094</b>	<b>\$ 1,021</b>



KEY: ◆ Budget ◆ Actual

### YTD EXPENDITURE VARIANCE INDICATORS BY COUNCIL ACTIVITY

	FAV / UNFAV		FAV / UNFAV
<ul style="list-style-type: none"> <li><span style="color: red;">●</span> = negative (unfavourable) variance over 10%</li> <li><span style="color: orange;">●</span> = negative (unfavourable) variance under 10%</li> <li><span style="color: green;">●</span> = positive (favourable) variance</li> </ul>			
Resource Management	<span style="color: green;">●</span>	Transport	<span style="color: green;">●</span>
River Management	<span style="color: green;">●</span>	Community Representation and Engagement	<span style="color: green;">●</span>
Economic Development	<span style="color: orange;">●</span>	Support Services and Commercial	<span style="color: orange;">●</span>
Hazard Management	<span style="color: green;">●</span>		

### YTD CAPITAL EXPENDITURE BY COUNCIL ACTIVITY

	\$000's	Brief Description of Major Items Purchased
Monitoring	\$ 32	Analysis Equip \$25K Instruments \$6K telemetry GPS \$1K
Biosecurity	\$ 6	Optical equipment\$5K, Floating Dock \$1K
Emergency Management	\$ 1	42" TV and bracket
Land & Biodiversity	\$ 4	Geovane
River Management	\$ 868	Kotuku St properties and Public Works Act land
Harbour Safety & Navigation	\$ 28	Beacons \$3K, Salvage Pump \$1K, Vessel electronics \$24K
Oil Pollution response	\$ 2	Canvas Cover, load straps & signwriting
Information Systems	\$ 154	IRIS \$51K, Datashow \$1K, Monitors \$2K, Generator \$93k, T1 Packs
Support Services and Commercial	\$ 161	4 new vehicles, signwriting & aerals
<b>TOTAL CAPITAL EXPENDITURE YEAR TO DATE</b>	<b>\$ 1,256</b>	

### INVESTMENT PORTFOLIO YEAR TO DATE PERFORMANCE

At 29 October 2013 the investment portfolio has made a return of \$3.13M against a budgeted return of \$2.95M.

## Consolidated Statement of Financial Position

	Council As at 29-Oct-13 \$	Annual Plan 30-Jun-14 \$	Council 30-Jun-13 \$
<b>EQUITY</b>			
Retained earnings	115,106,126	107,269,799	112,990,747
Other reserves	8,425,585	18,143,888	8,425,585
Total equity attributable to Northland Regional Council	<b>123,531,711</b>	<b>125,413,687</b>	<b>121,416,333</b>
Non-controlling interest in subsidiary companies			
<b>TOTAL EQUITY</b>	<b>123,531,711</b>	<b>125,413,687</b>	<b>121,416,333</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	20,336,581	7,000,725	15,889,952
Trade and other receivables	3,153,655	4,893,100	4,896,707
Inventories	3,127,987	3,165,500	3,127,987
Other Investments	198,690	11,190,362	9,222,258
Total current assets	<b>26,816,912</b>	<b>26,249,687</b>	<b>33,136,903</b>
<b>Non-Current Assets</b>			
Other receivables	5,395,453	5,256,299	5,395,453
Investment property	48,296,001	47,674,256	48,296,001
Investments in subsidiaries and associates	8,581,513	7,840,467	8,581,513
Other investments	15,028,761	14,247,205	9,859,589
Property, plant and equipment	19,785,755	27,226,723	20,186,617
Intangible assets	1,084,000	1,443,845	1,110,168
Biological assets	1,731,775	1,798,149	1,731,775
Capital projects in progress	1,331,772	-	56,420
Total non-current assets	<b>101,235,030</b>	<b>105,486,945</b>	<b>95,217,537</b>
<b>Total Assets</b>	<b>128,051,942</b>	<b>131,736,632</b>	<b>128,354,440</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	2,749,273	4,617,350	5,114,869
Employee benefit liabilities	1,734,909	1,656,126	1,787,191
Total current liabilities	<b>4,484,183</b>	<b>6,273,475</b>	<b>6,902,059</b>
<b>Non-Current Liabilities</b>			
Employee benefit liabilities	36,048	49,470	36,048
Total non-current liabilities	<b>36,048</b>	<b>49,470</b>	<b>36,048</b>
Total Liabilities	<b>4,520,231</b>	<b>6,322,945</b>	<b>6,938,107</b>
<b>NET ASSETS</b>	<b>123,531,711</b>	<b>125,413,687</b>	<b>121,416,333</b>

**ISSUE: Council Bank Accounts – Cheque Signatory Delegations**

**ID:** A591022

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Kym Ace, Financial Systems Administrator

**Date:** 22 October 2013

**Summary** The purpose of this report is to amend the cheque signatory delegations to approve the General Manager – Planning and Policy as an approved signatory. It concludes with the recommendation that cheque signatory delegations be updated as specified.

<b>Report Type:</b>	Normal operations	<input type="checkbox"/>	Information	<input type="checkbox"/>	Decision	<input checked="" type="checkbox"/>
<b>Purpose:</b>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function	<input type="checkbox"/>
	Legislative function	<input checked="" type="checkbox"/>	Annual\Long Term Plan	<input type="checkbox"/>	Other	<input type="checkbox"/>
<b>Significance:</b>	High	<input type="checkbox"/>	Moderate	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>

**Report:**

The delegation for authorising payment vouchers, signing cheques and authorising electronic payments on the council's ASB Bank, Bank of New Zealand account and investment accounts was last amended in July 2013.

The amendment proposed by this report is to add the General Manager – Planning and Policy as replacement cover for the General Manager – Finance and IT while she is on parental leave. The General Manager – Policy and Planning as Acting General Manager – Finance is to be added as an approved signatory able to authorise transactions and operate the various bank accounts as listed below.

The following recommended resolution is to take effect from 26 November 2013 and will update the council's delegations to authorise transactions and the operation of its various bank accounts.

**Legal compliance and significance assessment:**

The activities detailed in this report are in accordance with the council's Treasury Management Policy which was adopted in compliance with the decision making requirements of sections 76-82 of the Local Government Act 2002 and as such this matter is not deemed to be significant.



**Recommendations:**

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1. That the report Council Bank Accounts – Cheque Signatory Delegations, from Kym Ace, Financial Systems Administrator, dated 22 October 2013, be received.
2. **Manual signing:**  
That any two of the following signatories be authorised to countersign cheques for payments drawn on the council's bank account numbers:
  - i. 12-3115-0057000-00 Current Account operated at the ASB Bank Limited, Walton Street, Whāngārei Branch, and any other accounts, which the council may operate from time to time.
  - ii. Call and term deposit accounts with the ASB and other registered trading banks in New Zealand.

**Approved signatories:**

Malcolm Charles Nicolson	Chief Executive Officer
Anthony Glenn Phipps	Deputy CEO/Operations Director
Kathryn Jane Ross	General Manager - Planning and Policy
Simon John Crabb	Finance Manager
Angela Elizabeth Hobden	Financial Accountant
Steven Goddard	Management Accountant

3. That any two of the following signatories are authorised to operate the Bank of New Zealand bank account number 02-0492-00340027-00 at the Bank of New Zealand Limited, Bank Street, Whāngārei.

**Approved signatories:**

Malcolm Charles Nicolson	Chief Executive Officer
Anthony Glenn Phipps	Deputy CEO/Operations Director
Kathryn Jane Ross	General Manager - Planning and Policy
Simon John Crabb	Finance Manager
Angela Elizabeth Hobden	Financial Accountant
Steven Goddard	Management Accountant

4. That vouchers or documents authorising manual or electronic transactions be authorised by any two of the above approved signatories.
  5. That electronic transactions may be prepared and uploaded by the Finance Systems Administrator and/or Accounts Officer (being the upload of creditor and payroll payment files) but these must be authorised by any two of the above approved signatories.
  6. That these delegations, when approved, be notified to the ASB Bank Limited and the Bank of New Zealand Limited for implementation.
-

**ISSUE: Investment Update for the Community Investment Fund – Financial Report to 30 October 2013**

**ID:** A595711

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Kym Ace, Financial Systems Administrator

**Date:** 13 November 2013

**Summary** The purpose of this report is to provide an update on the Community Investment Fund (CIF) following the approval at the 8 October Council Meeting to capitalise 2.4% of the opening value of the fund and to transfer the remaining \$909,654 of CIF assets back to councils reserve funds to offset the 2012-2013 payments made to Northland Inc. Limited originally allocated from councils Investment and Growth Reserve.

This report also reports compliance against the council's Treasury Management Policy (TMP) and the Community Investment Fund Statement of Investment Policy and Objectives (CIF-SIPO). The investment policy included in the Treasury Management Policy is a requirement of section 102(4)(a) of the Local Government Act. The investment policy was adopted as part of the 2012-2022 Long Term Plan. The report concludes with the recommendation that the investment report be received and that council approves the current breach of the CIF-SIPO.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input type="checkbox"/> Legislative function	<input checked="" type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

**Report:**

**Background**

Following the disestablishment of the Northland Regional Council Community Trust the CIF was transferred to council on 30 June 2012.

The CIF-Statement Investment Policy and Objectives (SIPO) were approved by council at the October 2012 Council Meeting.

The fund is managed by **five** managers, each with a different mandate:

- Income assets (managed in-house) with assistance from council's external investment advisors – PricewaterhouseCoopers (PwC);
- Income assets managed by Milford Income Fund;
- Income assets managed by Harbour Assets Management;
- Australasian Equities managed by Milford Active Growth Fund; and
- Global Equities managed by Schroder's Real Return Fund.

In accordance with clause 7.1 of the CIF SIPO, Independent Investment Advisor, Eriksen and Associates Limited, will independently review and report on the five

**ITEM: 3.10**

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appointed fund managers' performance quarterly. This information for the quarter ending 30 September 2013 was presented to the Council Meeting on the 19<sup>th</sup> of November 2013.

**Capitalising of fund**

At the 8 October 2013 Council Meeting, council agreed that \$246,092 of Community Investment Fund (CIF) investment income (being 2.4% of the fund's opening value) be capitalised to the fund to inflation protect the fund's real value and to transfer the remaining \$909,654 of CIF assets back to councils reserve funds to offset the 2012-2013 Northland Inc. Limited payments originally allocated from councils Investment and Growth Reserve. With confirmation from our Independent Investment Advisor, Eriksen and Associates, the Treasury Management Policy complying investments transferred back to the council's general funds are shown in the following table:

Coupon Rate %	Issuer	Credit Rating	Market Value 01 July 2013	Maturity Date
<b>Bonds</b>				
8.22%	ASB	AA-	\$211,264	17-Sep-14
8.00%	AIAL	A-	\$221,670	15-Nov-16
7.25%	AIAL	A-	\$102,386	28-Feb-14
7.25%	Genesis Power	BBB+	\$102,588	15-Mar-14
5.15%	Christchurch Intl. Airport Ltd	A-	\$245,037	06-Dec-19
<b>Total bonds</b>			<b>\$882,945</b>	
<b>Cash and term deposits</b>				
2.90%	ASB - Call		\$26,709	Call
<b>Total cash and term deposits</b>			<b>\$26,709</b>	
<b>TOTAL investments transferred</b>			<b>\$909,654</b>	

**CIF Income assets managed in-house**

The face value of the CIF assets managed in-house at 30 October 2013 is \$1,682,705 and the market value is \$1,705,186. The investment classes held at 30 October 2013 is shown in the following table:

Investment Class	Face Value \$	Market Value \$	Percentage of in-house portfolio
Bonds	1,450,000	1,472,481	86.17%
Term deposits	198,690	198,690	11.81%
Cash	34,015	34,015	2.02%
<b>Total Investment</b>	<b>\$1,682,705</b>	<b>\$1,705,186</b>	<b>100%</b>

**CIF assets managed by Investment Managers**

As funds became available from the sale of existing investments, deposits were made with the Schroder's Real Return Fund, Milford Asset Management Growth and Income Funds, and Harbour Asset Management Short Duration Fund. A total of NZD \$2M was placed with each fund. The details of these investments are shown in the below table:

Investment Manager	Application Amount	Unit Price	Units Balance	Market Value 30 October NZD \$
<b>Income assets</b>				
Milford Income Fund	\$2,000,000	1.2689	1,644,307	\$2,086,461
Harbour Asset Management	\$2,000,000	1.0525	1,911,337	\$2,011,682
<b>Total income assets</b>	<b>\$4,000,000</b>			<b>\$4,098,143</b>

Investment Managers				
Schroders Real Return Fund	\$2,000,000	AUD 1.1582	1,443,889	\$1,879,023
Milford Active Growth Fund	\$2,000,000	2.0763	1111581	\$2,307,976
<b>Total growth assets – Investment Managers</b>	<b>\$4,000,000</b>			<b>\$4,186,999</b>
<b>Total funds - Investment Managers</b>	<b>\$8,000,000</b>			<b>\$8,285,142</b>

## Compliance against CIF - SIPO

- Counterparty credit limit**

The CIF-SIPO states that no more than 20% of the in-house income assets can be invested with one issuer. The breakdown of the portfolio by issue is as follows:

Issuer	Percentage of portfolio
ASB	1.99%
ANZ	17.62%
WBC	11.65%
Contact Energy	18.05%
Fletcher Building	6.01%
Quayside Holdings (Western BoP) Shares	11.73%
Tower Ltd	23.64%
Z Energy	9.31%
<b>Total</b>	<b>100.00%</b>

At 30 October 2013 council has breached the CIF-SIPO by having **23.64%** of the value of the in-house managed portion of the fund invested with Tower Limited. The non-complying Tower Limited investment is a Tower Capital \$400,000 bond with a coupon rate of 8.5% (maturing 15 April 2014).

It should be noted, when establishing the CIF-SIPO it was anticipated that \$2M of the CIF would be allocated to a NRC in house investment manager. Based upon this assumption, the maximum exposure to Tower Limited Bonds was within policy, (i.e. 20% of \$2M being \$400K). Subsequently, investment assets have been transferred back to council's special funds and in doing so the value of the in-house portion of the CIF has reduced to \$1.7M. Based on \$1.7M the Tower Limited Bond equates to 23% of the In house portion of the fund and technically breach's the CIF SIPO. It is not feasible to sell \$60K of Tower Bonds in order to comply with the CIF SIPO (i.e. 20% of \$1.7M being \$340K).

Our Independent Investment Advisors have recommended that we investigate combining a number of bonds to sell in the market as a package, and until further advice is received and a recommendation approved, they strongly recommend we hold the Tower Limited Bond.

Approval is sought from council to allow the current breach until further advice is received or the Tower bond matures.

- **Credit ratings**

Four in-house managed investments are held that do not meet the required investment grade (S&P rated BBB or equivalent and must be senior secured). The Treasury Management Policy allows legacy non-conforming investments to be held on the basis they are monitored and sold when appropriate market conditions exist. These continue to be monitored.

- **Benchmark mix**

The current mix of the fund is as follows:

Asset Class	Benchmark %	Ranges	Market Values 30 October 2013	Actual Investment Allocation %
NZ Fixed Interest	50	20-80	\$ 3,558,942	35.6%
Cash	10	5-50	\$ 2,244,387	22.5%
<b>Income assets</b>	<b>60</b>	<b>40-80</b>	<b>\$ 5,803,330</b>	<b>58.1%</b>
Australian Equities	20	10-30	\$ 2,307,976	23.1%
Global Equities	20	10-30	\$ 1,879,024	18.8%
<b>Growth assets</b>	<b>40</b>	<b>20-60</b>	<b>\$ 4,186,999</b>	<b>41.9%</b>
<b>Total assets</b>	<b>100</b>		<b>\$ 9,990,329</b>	<b>100%</b>

The alternative investments with a current market value of \$0.00 are not included in this table.

### **Compliance with decision making processes:**

The activities detailed in this report are in accordance with the council's Treasury Management Policy which was adopted in compliance with the decision making requirements of sections 76-82 of the Local Government Act 2002.

In relation to section 79 of the Local Government Act 2002, this issue is considered to be of low significance under council policy because it is part of normal day to day operations of council, and it does not require a council decision but is for information purposes only.

### **Recommendations:**

1. That the "Investment Update for the Community Investment Fund – Financial Report to 30 October 2013" from the Financial Systems Administrator, Kym Ace, dated 13 November 2013, be received.
2. That council approves the current SIPO breach of counter party credit limit capped of 20% of investments invested with one issue by allowing the current investments with Tower Limited (23.64%) being a a Tower Capital \$400,000 bond with a coupon rate of 8.5% (maturing 15 April 2014) to continue to be held until further advice is received or the bond matures.

## **ISSUE: Risk Management Framework**

**ID:** A594873

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Bruce Howse, Land/Rivers Senior Programme Manager and  
Kathryn Ross, General Manager Planning and Policy

**Date:** 8 November 2013

**Summary** The purpose of this report is to adopt the council's risk management framework and register.

<b>Report Type:</b>	Normal operations	<input checked="" type="checkbox"/>	Information	<input type="checkbox"/>	Decision	<input checked="" type="checkbox"/>
<b>Purpose:</b>	Infrastructure	<input type="checkbox"/>	Public service	<input type="checkbox"/>	Regulatory function	<input type="checkbox"/>
	Legislative function	<input type="checkbox"/>	Annual\Long Term Plan	<input type="checkbox"/>	Other	<input checked="" type="checkbox"/>
<b>Significance:</b>	High	<input type="checkbox"/>	Moderate	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>

### **Report:**

Council is committed to managing risk in an ongoing and proactive manner.

A comprehensive risk management framework has been compiled to ensure consistent processes are used to manage risk effectively, efficiently and coherently across the council. Under the framework, the Chief Executive will ensure the Framework is reviewed triennially.

Council has delegated oversight of risk to its Audit and Risk Committee. The committee will have had the opportunity to workshop the content of the framework, policy and register on 19 November 2013 and may wish to confirm or alter the Framework for the new triennium.

### **Risk Management Framework**

The framework is comprised of two main elements:

- 1) Risk Management Framework/Policy (**Attachment One**); and
- 2) Risk Register (**Attachment Two**).

The risk management framework / policy describes the risk management principles, purpose, objectives, scope, risk attitude, governance framework, responsibilities and risk management process. The risk register contains a summary of risks defined as 'significant' by the Executive Management Team, and determined to be of a sufficient magnitude that they should be included on the risk register. For each risk the register categorises the group of activities, the activity, risk category, risk description, likelihood/effect, risk rating, responsibility, mitigation actions and residual risk (after mitigation).

The standard review cycle is as follows:

- The risk management framework (EMT and council triennially – option for independent third party review);
- The risk management policy and council's appetite for risk (EMT annually);
- The risk management process (EMT annually);
- The risk register (EMT quarterly for extreme risks, six monthly for high risks,

annually all risks. Council/Audit and Risk Committee annually).

### **Framework Update**

Staff have updated the risk management framework following a review from Audit NZ (as part of the 2012/13 Annual Report audit) and an independent risk assessment of Council undertaken by Ernest and Young (EY, which was finalised in July 2013).

Key updates to the framework include:

1. Summary of 'significant' risks identified in the EY independent risk assessment were entered into the council risk register. EY 'significant' risk scores were converted to the NRC 5x5 risk matrix to ensure consistency with the council framework.
2. Column added to risk register to confirm if residual risk is acceptable. Column added to risk register for documenting Action Plan Status/Owner/Link for any residual risks deemed unacceptable (i.e. residual risks scoring greater than 6). It is noted that not residual risks have been identified that are deemed unacceptable. An additional section on underlying likelihood and effect assessments for residual risk rating was added to the risk management policy. These updates were done to address Audit NZ review findings.
3. Existing significant risks were reviewed and updated where necessary. Updates were reviewed by the Executive Management Team. The current assessment of risk is that there are no unacceptable residual risks on the risk register.

The development of the risk management framework has been through a comprehensive and robust process, with incorporation of the 'significant' EY risks into the risk register, and updates undertaken to address Audit NZ review findings. In accordance with the existing framework and process the council (via the committee) should now consider the content of the framework and confirm or alter it as appropriate.

### **Key Areas for Consideration**

While the committee should review all attached material staff highlight the following areas in particular:

- Risk management objectives (**pg 3 – Risk Management Framework**).
- Risk attitude (**pg 3 – Risk Management Framework**). Is the current risk attitude appropriate for the triennium? Current risk attitude is as follows:

Council will accept and tolerate risk to the extent that it can achieve its objectives.  
Council has no risk appetite compromising staff, contractor and public safety and welfare or risks that are assessed as extreme.  
We are cautious and conservative when it comes to financial (see Treasury Management Policy) and reputational risk. However we support higher levels of risk in supporting innovation in service delivery and when the cost of mitigating risk is higher than the potential loss.  
The council will accept and tolerate (residual) risk that is moderate or low (scores 1-6).

Questions to consider in answering the above

- The community's attitude to a loss of level of service?

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>- The time and resources is council willing to commit to minimise risk exposure?</li><li>- What level of risk requires immediate action?</li><li>- What level of risk requires a formal response strategy to avoid the risk event or minimise its impact?</li><li>- Events that have actually occurred, the level they were managed at, and their impacts?</li><li>- Is council comfortable with current risk levels, or are too many risks being taken (or not enough)?</li><li>- Consequences of not mitigating the risk?</li></ul> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- Monitoring and review, and reporting (**pg 12** – Risk Management Framework).
- The risk register (refer to register, cross reference to **pg 8-11** – Risk Management Framework for likelihood and consequence descriptors). The committee may want staff to investigate other potential risks or revisit the risk ratings or mitigation. In particular staff draw the committee's attention to the risks strategy for potential local government reorganisation and the associated with potential local government reorganisation and the need for a council strategy to manage these risks.

Given the council had an independent third party review of the risk register during 2012-13 and the independent report has been incorporated into the material presented today, staff do not recommend another independent review at the start of the triennium. The committee may wish to consider an independent review as part of a later annual review of risk. In addition the committee may consider it prudent to review the register again once the final decision (including any poll) on local government reorganisation in Northland is made and may wish to take independent advice at that time.

### **Conclusion:**

Under the current Risk Management Framework, the council (and in this case the responsibility has been delegated to the Audit and Risk committee) must review the Framework (including the register) post-election and either confirm or alter the content of these documents. The Senior Management Team is not recommending any specific changes to the Risk Management Framework including the register at this time. However council should consider its strategy for potential local government reorganisation and the management of risk associated with it.

### **Legal compliance and significance assessment:**

The activities detailed in this report are part of council's normal operations and form part of its good governance and corporate planning processes. The framework and recommendations are consistent with AS/NZS ISO 31000:2009 – Risk management – Principles and guidelines and existing council policy. The council has delegated oversight of risk to its Audit and Risk Committee. Normal operations are not deemed to be significant.



**Recommendations:**

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1. That the report 'Risk Management Framework', from Bruce Howse, Land/Rivers Senior Programme Manager, dated 8 November 2013, be received.
  2. That the committee approves the current Risk Management Framework including the register.
  3. That the committee develops a strategy for potential local government reorganisation and the management of risk associated with it.
  4. That the committee review the register again in 2014/15 or once the final decision (including any poll) on local government reorganisation in Northland is made (whichever is the sooner).
  5. That the committee consider whether an interdependent review should occur as part of the next review process.
-

# Risk Management Framework

## 1. Purpose

Northland Regional Council is committed to managing risk in an ongoing and proactive manner. The purpose of this framework is to ensure that key corporate risks are effectively identified and responded to correctly given:

- the nature of the risks faced by council
- the council's ability to accept and/or manage risk(s)
- the resources available to manage risks
- council's culture.

## 2. Introduction

Risk needs to be managed so that the council maximises its ability to meet its strategic objectives as well as associated operational targets and goals.

The objective of the risk management process is to identify realistic risks faced by the council and to analyse and evaluate those risks in a systematic way. The outcome of the evaluation is then used to:

- manage risk
- identify improvements to avoid risk events, minimise their impact or to realise an opportunity.

## 3. Definitions

Risk	The threat that an event or action will adversely affect council's ability to achieve its objectives or to successfully execute its strategies. (The "effect of uncertainty on objectives" ISO) Risk is measured in terms of likelihood and impact.
Risk Assessment	The overall process of risk identification and evaluation.
Risk management	The culture, processes and structures that are directed towards the effective management of potential opportunities and possible adverse effects
Corporate risk	Corporate risks are identified and managed by senior management (i.e. Chief Executive and Executive

	Management Team) and council. The focus of corporate risks is more likely, but not exclusively, to be on: <ul style="list-style-type: none"> <li>• External influences affecting Council's effective operations</li> <li>• Risks that are common to more than one activity</li> <li>• Risks around the Council's ability to meet service levels,</li> <li>• react to emergencies, support the activities or specific projects</li> <li>• The most critical activities and specific risks.</li> </ul>
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The definitions recognise that risk is ever present and is not in itself a negative factor. The consideration of whether an event or action will present a significant risk is the key. Risk management informs the decision-making process and can stimulate and generate the development of new opportunities, and ensure that where opportunities do arise they are responded to appropriately.

The range or spectrum of risks comprising 'significant risk' is commonly defined as being made up of five major categories of risk - strategic, financial, service delivery/business risk, legal and finally reputation risks.

Council groups these risks as follows:

- **Operational risk:** financial, service delivery /business risk, legal and compliance – arises from people, systems and process.
- **Strategic risk:** risk arising from the possible consequences of strategic decisions taken by the Council, or the risk of a failure to achieve corporate priorities
- **Political risk:** internal and external political environment, governance and reputational risk.

## 4. Council-wide framework

Risk management can be applied across an entire organisation, to its many areas and levels (e.g. projects, programmes), as well as to specific functions (civil defence and emergency management), projects and activities.

Risk management using consistent processes

within a comprehensive framework helps ensure that risk is managed effectively, efficiently and coherently across the council.

Risk management is part of the day-to-day process of managing our work. It is not a stand-alone discipline. To get the most benefit, risk management needs to be integrated with existing business processes.

Council's risk framework is integrated with existing business processes including internal audit, strategic and operational planning (including budgeting) processes, health and safety, legislative compliance and project management.



This framework incorporates three key elements:

- Council's risk management policy
- Council's corporate risk management process
- Council's corporate risk register (Appendix A)

## 5. Risk Management Principles

This framework is based on the following principles. Risk management:

1. Creates and protects value
2. Is an integral part of all organisational processes
3. Is part of decision making
4. Explicitly addresses uncertainty
5. Is systematic, structured and timely
6. Is based on the best available information
7. Is tailored
8. Takes human and cultural factors into account
9. Is transparent and inclusive
10. Is dynamic, iterative and responsible to change
11. Facilitates continual improvement of the organisation.

## 6. Background and Context

Council has refreshed its 2006 Risk Management Framework as part of its good governance and corporate planning processes and to ensure consistency with AS/NZS ISO 31000:2009 – Risk management – Principles and guidelines. This has entailed a review of the policies and procedures as well as the overall framework for risk management.

## 7. Approval and Review

Council is committed to the periodic review and verification of the risk management framework and its continuous improvement. The Chief Executive will ensure the Framework is reviewed triennially.

The Framework was last reviewed and endorsed by the Executive Management team in August 2013.

## Corporate Risk Management Policy

### 1. Purpose

The purpose of this policy is to articulate the council's risk management philosophy, risk thresholds, approaches and expectations for corporate risk management.

### 2. Risk Management objectives

Council uses risk management to:

- Enhance our ability to achieve our vision and objectives (as detailed in the council's current Long Term Plan) and strategies
- Maintain the integrity of services
- Identify, evaluate, manage and react to opportunities and threats
- Effectively allocate and use resources for risk treatment
- Improve our operational efficiency through proactive risk management, innovation and integration
- Improve decision making and planning, prioritise actions and choose between alternatives
- Safeguard assets, people, finances and property, and improve our compliance, controls, financial reporting, loss prevention and incident management
- Create a culture where all employees accept responsibility for managing risk
- Improve stakeholder confidence and trust and demonstrate transparent and responsible risk management and effective governance
- Record and maintain a risk management framework aligned with the AS/NZS ISO 31000:2009 standard

### 3. Scope

This is a council wide policy for 'risk management'. Council's risk management system includes:

- Allocating responsibilities for risk management
- Proper resourcing of the risk management system;
- Identification and assessment of risks.
- Reporting of new risks or risks yet to have been identified;
- Regular monitoring and reporting of risk management;

- Ongoing training of managers and staff to enable them to fulfill their risk management obligations;
- Development, maintenance and review of fit for purpose, legally compliant council policies and procedures; and
- Continual improvement of the risk management system.

### 4. Risk attitude

Risk Attitude (AS/NZS ISO 31000:2009) is the: 'Organisation's approach to assess and eventually pursue, retain, take or turn away from risk.'

Council will accept and tolerate risk to the extent that it can achieve its objectives.

Council has no risk appetite compromising staff, contractor and public safety and welfare or risks that are assessed as extreme.

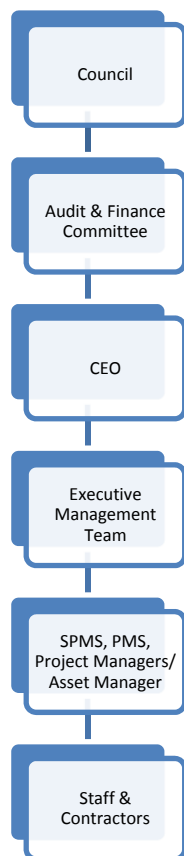
We are cautious and conservative when it comes to financial (See Treasury Management Policy) and reputational risk. However we support higher levels of risk in supporting innovation in service delivery and when the cost of mitigating risk is higher than the potential loss.

The council will accept and tolerate (residual) risk that is moderate or low (scores 1-6).

Council's risk attitude will be reviewed annually, and risk thresholds will be further refined. In reviewing council's risk attitude and determining the acceptable level of risk, council will consider:

- The community's attitude to a loss of level of service?
- The time and resources is council willing to commit to minimise risk exposure?
- What level of risk requires immediate action?
- What level of risk requires a formal response strategy to avoid the risk event or minimise its impact?
- Events that have actually occurred, the level they were managed at, and their impacts?
- Is council comfortable with current risk levels, or are too many risks being taken (or not enough)?
- Consequences of not mitigating the risk?

## 5. Governance Framework



## 6. Responsibilities for risk management

Who	What
CEO	Risk Management Sponsor Oversight and review of the risk management framework, policy and process Reporting to council Liaison with stakeholders
Executive Management Team	Risk steering group Identifying and managing corporate risks to acceptable levels Ensuring risk management framework in place Ensuring legislative and governance obligations are met Ensuring integration of risk management with other council policies, processes and practices Participating in review the risk management framework, policy and process
Directors /General	Promote risk management culture

Managers / Managers	Communicate and raise awareness of risk management to own staff Identify, manage and monitor risks in their groups / departments Assign responsibilities
(Senior) Programme Managers, Project Managers, Asset Managers	Manage activity / programme / project / asset risks, including registers, risk review, monitoring risk action plan Encourage staff to report risk
Risk Administrator	Oversight of risk management process Maintenance of corporate risk register Planning and executing reviews and audits of the corporate risk register Ensure effectiveness of risk controls Report on risk management to the Executive Management Team, and on to the Audit and Finance Committee / council Gather risk information from the relevant people, for example, Risk Owners, SPMS Monitor risks and controls through the risk register review process Measures and reports on the effectiveness and adequacy of risk management and internal control processes and systems Processing new risks Facilitate management of cross-organisational risks
Risk owners – identified in corporate risk register	Support risk management of council within their area of responsibility Responsible for identification and assessment of risks and developing appropriate response Manage (owned) risk within any acceptable risk tolerance set
All staff	Awareness of risk management and process Everyday identification and management of risks and improvement actions to minimize events and impacts.
Contractors	All contractors must comply and work within council's risk management process (or the

	relevant sub process e.g. health and safety).
--	-----------------------------------------------

## Organisational responsibilities

Every person employed or engaged by council is responsible for considering risk in the course of their duties. Everyone at council should:

- Be aware of council's policies and procedures which promote and support risk management; and
- Report and escalate risk management concerns, issues and failures in accordance with this policy based on organisational structure and normal reporting lines (e.g. to line manager)

The risk register is the responsibility of the Executive Management Team (EMT) supported by the Risk Administrator (currently the Land and Rivers SPM<sup>1</sup>).

Executive management team members and risk owners are responsible for managing those risks identified in the register that are within their individual areas of responsibility and for participating in the review process.

SPMs and PMs will encourage risk reporting and participate in the reviews of the risk register.

## Role based responsibilities

In addition to the general responsibilities above, specific risk management responsibilities for council individual activities attach to a range of council roles, including:

- emergency preparedness and response for the region by the Civil Defence Emergency Management Group;
- hazard identification and profiling under the hazard management activity,
- oil pollution preparedness and response under the maritime services activity;
- pest risk assessment under the Regional Pest Management Strategy and biosecurity activity

They have their own monitoring and reporting regimes for managing these specific risks.

<sup>1</sup> Changed from GM Planning and Policy on 17 October 2013. (EMT meeting)

## Resourcing

Council is committed to properly resourcing the development, maintenance and improvement of its risk management system.

## Identification and assessment of risk management obligations

Council has many activities. Whilst management of all risks is important, the emphasis in our corporate risk management framework is on the significant corporate risks. The corporate risk register is focused on these risks and is developed with appropriate advice and input as required from all areas of the council.

The register is used to record and summarise each risk and to outline current mitigation measures and potential future management options.

## Treating risk

Risk owners and treatment / action plans will be used to manage risk.

## Reporting of new or risks yet to be identified

Council values and encourages reporting. The free, frank and timely disclosure of all situations of actual or potential unidentified risks is encouraged so that these can be addressed and if possible, corrected. In the first instance disclosure should be to the line manager and Risk Administrator, who will identify -

- Risk description;
- Risk category;
- Risk rating;
- Causes;
- Impacts; and
- Current controls.

for inclusion in the New and Emerging Risks report to EMT. All risks assessed as high or extreme will be referred to the next scheduled EMT meeting.

## Regular monitoring and reporting of risk management

Monitoring and reporting will be in line with the process attached.

The CEO will report monthly via the CEO's report on any risk identified as extreme.

## Training

The competence and training needs to achieve

and promote risk management in our organisation will be assessed on an ongoing basis. Compliance training requirements will be integrated with the development of Northland Regional Council's training framework if necessary.

### **Compliant policies and procedures**

Risk Management is supported and promoted by regularly reviewed and updated operating policies and procedures which are fit for purpose, legally compliant and which identify the full range of risk management issues which apply.

### **Continuous improvement of the compliance system**

The risk management framework will be continually improved through regular review and the identification of opportunities for enhancement.

### **Standard review cycle**

- The risk management framework (EMT and council triennially – option for independent third party review)
- The risk management policy and council's appetite for risk (EMT annually)
- The risk management process (EMT annually)
- The risk register (EMT quarterly for extreme risks, six monthly for high risks, annually all risks. Council/Audit and Finance Committee annually.)

### **Approval and review dates**

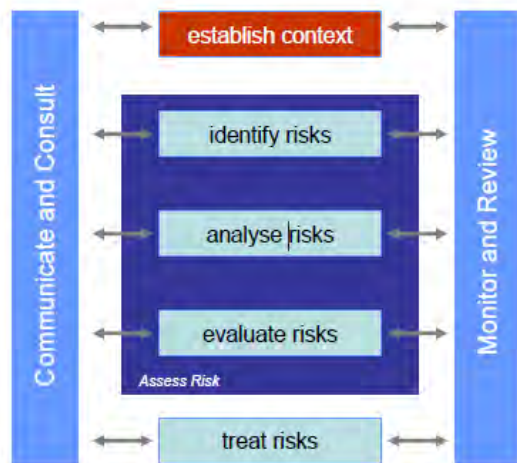
This Risk Management Policy was developed in 2012 and endorsed by the Chief Executive of Northland Regional Council and Senior Management Team in June 2013. It was refreshed in August 2013 alongside the Framework. This policy will be reviewed no later than June 2015.



## Risk management process

Risk management is a continual process that involves the following key steps:

- Communicate and consult
- Establish the context
- Identify risks
- Analyse risks
- Evaluate risks
- Treat risks
- Monitor and review.



This process is formally conducted across the entire organisation on an annual basis. This occurs in conjunction with the corporate and business planning process and involves the review and update of risk profiles for the council as a whole.

Although this process is conducted across the entire organisation on an annual basis, risk management is not solely an annual process. It should be occurring at all times and in relation to all business activities. Therefore everyone has a responsibility to continually apply this process when making business decisions and when conducting day-to-day management.

The following sections expand upon the risk management process above. The risk criteria and matrix have been established as the basis for risk evaluation and align with AS/NZS ISO 31000:2009.

### 1. Communicate and consult

Communication and consultation with internal and external stakeholders is important throughout the risk management process to ensure the organisation has a comprehensive picture of the risks we face.

Internal communication and consultation is aimed at informing internal stakeholders of:

- The risk management process.
- Seeking feedback for the process.
- Key risks and their responsibilities for managing of these.

External communication and consultation is targeted at informing external stakeholders of:

- The council's risk management approach.
- The effectiveness of our risk management approach.
- Requesting feedback where appropriate.

### 2. Establish context

The "Establish the Context" part of the risk management process will only need to be repeated when there are significant changes to either our external environment or business operations.

Ask - How will the external environment impact on our ability to achieve corporate objectives?

Consider:

- Business, Social, Regulatory, Cultural, Competitive, Financial and Political Environments in which we operate.
- Our strengths, weaknesses, opportunities and threats.
- Our culture, structure, capabilities (in terms of resources such as people, systems, processes and capital), goals and objectives and the strategies in place to achieve these.
- The risk management context – the goals, objectives scope etc of the risk management process.

### 3. Identify possible risks

All possible significant corporate risks need to be identified. Significant risks can include financial, environmental, social, compliance, operational and health and safety considerations. Council uses the following three categories for significant risks:

- **Operational risk:** financial, service delivery /business risk, legal and compliance – arises from people, systems and process.



- **Strategic risk:** risk arising from the possible consequences of strategic decisions taken by the Council, or the risk of a failure to achieve corporate priorities
- **Political risk:** internal and external political environment, governance and reputational risk.

Risks can be allocated one or more of the above categories which are used to determine at a high level the context of the risk.

For the purposes of the corporate risk management framework, council defines those risks as 'significant' as those ones that are identified by the Executive Management Team and determined to be of a sufficient magnitude that they should be included on the risk register.

EMT will also consider risk at each meeting, both inherently in its decision making and specifically (as an agenda item).

### *How to identify risks*

Council will use the following techniques to identify risk:

- Brainstorming
- Interviews
- Independent / external reviews
- Working with other councils and public sector organisations including reviewing risks they have identified
- Internal audit reporting
- ISO registration and procedures / quality systems
- Strategic and operational planning (including budgeting) processes
- Health and safety process - committee
- Review of legislative compliance
- Review of strategic documents and annual report
- Project risk registers and reviews
- Review of the opportunities for improvement system
- Review of Team, Department and Executive Management Team meeting minutes.

Once identified, significant risks are entered into the register. The register is used to record, categorise and summarise each risk and identify a risk owner (usually an Executive Management Team member).

## **4. Analyse risks**

Determine likelihood and consequence for initial risk factor

The initial determination of risk (establishing a risk rating) is based on a 'no measures in place' to prevent or minimise the likelihood or consequence – that is a risk is identified at a 'raw' or unmodified level. Essentially initial risk is an exercise to determine "What is the worst that could happen?"

Tables 1 and 2 demonstrate the scales used to determine the likelihood and consequence levels, which are input into the risk calculation to consider the effect of a risk event.

The likelihood of occurrence and severity of consequences should be based on as much real data as possible, for example local knowledge or recorded events such as maintenance records, weather events etc.

When analysing a risk, it is also important to understand the effectiveness of current controls that are in place. Controls are systems, processes, policies etc. that are implemented to reduce risk levels, either by reducing the consequence of a risk if it does occur and/or to reduce the likelihood of the risk occurring.

**Table 1 - Likelihood occurrence** The likelihood scales identify how likely, or often, a particular event is expected to occur.

Likelihood	Descriptor	Probability
Frequent	Continuous or will happen frequently Major Risk: Will most certainly occur in the foreseeable future	5
Often	6 – 12 times per year Major Risk: Will possibly occur in the foreseeable future	4
Likely	1 – 5 times per year Major Risk : There is always a chance it will occur in the foreseeable future	3
Possible	Once every 2 to 5 years Major Risk: There is little chance of occurrence in the foreseeable future	2
Rare	Less than once every five years Major Risk: Occurrence is unlikely in the foreseeable future	1

**Table 2 - Consequence rating** The consequence descriptors in Table 2 indicate the level of possible consequences for a risk.

Consequence	Descriptor	Score
Catastrophic	Loss of life, major financial loss ( >500k for a single council activity or 4% of the annual expected rates), prolonged national media and political attention. External audit qualification of accounts. Criminal prosecution – punishable by imprisonment of any term and / or fines. Permanent disability or impairment on site. Sustained long term or permanent ecological damage.	5
Major	Major financial impact (250k-500k for a single council activity or 2-3% of the annual expected rates), widespread damage, serious harm, national media. Prosecution or judicial review.	4
Moderate	Moderate financial impact (140-250k for a single council activity or 1-2% of the annual expected rates), potential litigation, loss of image, regional media	3
Minor	Minor financial impact (<140k for a single council activity or <1% of the annual expected rates), involves management time	2
Inconsequential	Negligible effects	1

After the likelihood and consequence factors have been determined, the level of risk is calculated by multiplying the Likelihood of Occurrence (Table 1) and Consequence Rating (Table 2) together.

**Risk = the likelihood of an event occurring x the consequence of an event.**

### *Risk Rating*

The outcome is a risk rating. The risk rating enables definition between those risks that are more significant and those that are of a lesser nature.

**Table 3 - Risk assessment matrix**

	Consequence				
	Inconsequential(1)	Minor(2)	Moderate(3)	Major(4)	Catastrophic(5)
Frequent (5)	5	10	15	20	25
Often (4)	4	8	12	16	20
Likely (3)	3	6	9	12	15
Possible (2)	2	4	6	8	10
Rare(1)	1	2	3	4	5

Having established the status of the risk on the risk assessment matrix the risks are ranked. Four risk categories are used: Extreme, High, Moderate, and Low.

**Table 4 - Comparative levels of risk**

15-25	Extreme risk	Requires immediate assessment of actions. Escalate to GM/EMT for prioritized response and treatment plan development. CEO reports monthly.
8-15	High risk	Requires remedial assessment and action via the annual (or long term) planning process
4-6	Moderate risk	Address via new procedures and/or modification of existing practices and training
1-3	Low risk	No formal requirement for further action, unless escalation of risk is possible.

Once the impact has been ranked according to the comparative risk level it poses, it is then possible to target the treatment of the risk exposure, by beginning with the highest risks and identifying potential mitigation measures.

Once the initial risk is determined, current mitigation measures are identified to determine the residual risk and noted on the risk register.

*Underlying likelihood and effect*

*assessments for residual risk rating*

Judgement is applied to assess and determine the residual risk rating based on the documented mitigation actions effectiveness and application.

Key questions in applying judgement include:

- Does the mitigation action(s) address the risk effectively?
- Is the mitigation action(s) documented and communicated or integrated as standard operating procedures?
- Is the mitigation in operation and applied consistently?

Risks that are well controlled will have a

correspondingly lower residual risk rating.

### Treat risk

Treating risks involves the following key steps:

- Identify risk treatment options
- Select risk treatment options
- Assign risk ownership
- Prepare risk treatment plan(s).

If necessary an action plan is developed to further reduce the likelihood or consequences of the risk occurring where this is considered appropriate and/or necessary and the residual risk is revised accordingly and the register is updated.

Risk treatment options include:

Risk Treatment Options	
Avoid the risk	Change business processes or objectives so as to avoid the risk
Change the likelihood	Undertake actions aimed at reducing the probability of the risk occurring
Change the consequence	Undertake actions aimed at reducing the impact of the risk
Share/ transfer the risk	Transfer ownership and liability to a Third party (e.g. Insurance)
Retain the risk	Accept the impact of the risk

### Monitoring and review

The Risk Administrator reviews the risk register with the EMT and SPMs/PMs as follows:

- Extreme risks will be reviewed quarterly
- High risks will be reviewed every six months
- Moderate risks will be reviewed annually
- Low risks will be reviewed annually if resources permit.

This process will determine whether any further actions or reviews are necessary as well as determining whether any new risks need to be added.

The review will, where appropriate, involve a re-assessment of risks in accordance with the above process. Any relevant risk management process steps will then be completed if required.

Where a new or emerging risk is identified, the Risk Administrator includes the risk -

- Risk description
- Risk category
- Risk rating
- Causes
- Impact; and
- Current controls

in the New and Emerging Risks report to EMT. All risks assessed as high or extreme will be referred to the next scheduled EMT meeting.

EMT then determines whether the risks warrant inclusion in the risk register.

(Note EMT will also consider risk at each meeting, both inherently in its decision making and specifically (as an agenda item).)

## Risk reporting

The CEO will report monthly via the CEO's report on any risk identified as extreme.

This monitoring process will result in a six monthly report to the Audit and Finance Committee which will:

- Highlight any significant changes to the risk register which have occurred since the last report or which are known to be about to occur and the strategies in place to meet new or

altered risks.

- Provide commentary on any significant areas of poor, reduced or improved risk management performance, including details of the mitigated action take, or proposed to be taken, where significant risk management failure has been identified.

The Council and Audit and Finance Committee will annually review the register.

Ref	Group of activities	Activity	Risk category - Operational Strategic Political	Risk description	Likelihood (1 low to 5 high)	Effect (1 low to 5 high)	Risk rating	Mitigation possible Y/N	Responsibility	Mitigation action	Residual risk (after mitigation) (1-25)	Residual Risk Acceptable(1-6)	Justification etc	Action Plan Status/Owner/Link
1	All	All	Operational Strategic	Deterioration of the global financial position increasing fiscal pressure on council (through non payment of rates and fees and charges and lower returns (interest) on cash investments and potentially lower dividends). Reduced revenue could impact on council's ability to deliver current agreed levels of service to the community.	3	3	9	Y	General Manager Finance and IT	Sound budget processes in practice including use of BERL inflationary indices. Robust aged receivable collection process in place for sundry debtors. Council has statutory ability to collect unpaid rates on non Maori Freehold land. (Council needs a plan to address rates collection in the Far North. This has been raised with council as a matter of priority for the new triennium.) Received regular updates to finance and policy staff from external economists (ANZ) and have in-house resource economist. Reserves available for short-term contingency. Annual reviews of budget and level of service with the community (so from year to year, council can adapt accordingly). Monthly and quartely variance reporting (early identification of risk). Strong focus on managing business as usual costs.	3	Y	CEO owner While robust collection for sundry debtors exists, the (in)ability of FNDC to collect rates is increasing this risk. Council must put in a plan to prevent the situation worsening early in its triennium. The potential for one rates collection agency has been mooted. This is being explored with council as a matter of priority. (Spearated out as a specific risk - risk 2)	
2	Support Services	Finance	Political Strategic Operational	Level of rates non-payment stays same or gets worse.	3	5	15	Y	CEO and Finance Manager	Working with district councils to improve payment compliance rates. Working with central government on alternative options for funding non-rates payment. Advancing discussions on single rating agency. (Needs to be reviewed before adopting Annual plan 14/15.) Council is currently budgting for doubtful debt (rates and reserves), the quantums will be revisted as part of the draft Annual Plan 14/15.	3	Y		
3	All	All	Operational Political	Council does not meet all its legislative requirements and jeopardises government funding, risks being fined and/or sued, replacement of councillors with commissioners, loss of public confidence in council and LG.	1	4	4	Y	CEO	Legislative compliance programme in place - reporting quarterly by SPMs/GMs through to council. Nominated officer checks for new legislation and adds to programme quarterly. Knowledgeable staff employed and news alerts in place for notifying legislation amendments.	1	Y		
4	All	All	Political Strategic Operational	Increasing expectations and central government demand for service delivery in an environment of reducing costs and capping rate increases could limit effectiveness in delivering projects/services that meet community expectations - in particular the implementation of National Policy Statement for Fresh Water Management.	5	3	15	Y	Deputy CEO	Consulted with community on options available for implementing the NPS were included in latest Annual Plan/LTP. Implementation includes regular stakeholder involvement to determine community expectations for outcomes and associated costs at a catchment level. Collaboration with other regions working on NPS will provide further information extending our capabilities. We employ and retain suitable staff and resources to work as efficiently as possible. Further shared services for other LG services also being explored with local and relevant LG sector.	2	Y		
5	All	All	Operational Strategic Political	Legislative reform may impact on council's ability to plan long term with LG structure proposals for Northland likely following enactment of the amended LGA2002. Planning of long term projects may be delayed until any reorganisation proposal has been considered. While change should be positive both internally and for Northland there is a risk that staff may not be retained in the interim with staff looking for greater employment certainty. Significant investment in responding – resourcing and time vs financial constraints	4	3	12	Y	CEO / Councillors	Continuous stakeholder and staff engagement on reform progress and reorganisation proposals. Offering staff training opportunities and assistance (e.g. CVs, Interview techniques) to ensure they are well prepared for change. Management review of programmes and projects to ensure core council activities are not impacted adversely, priortised work programmes and resources taking into account potential future amalgamation. Budget set to manage within current resources. Specialist team to lead response to LGC proposal. Participation in national working groups (SOLGM and LGNZ). Committed to open communication with Northland councils (through Mayoral Forum, joint workshops).	2	Y		
6	All	All	Operational Political	Staff take action or recommend action that results in significant public financial loss or action taken against council.	1	4	4	Y	CEO / Manager Finance	Well trained knowledgeable staff employed. Specialist skills retained when required. Peer review by other councils utilised for plan documents. Professional indemnity insurance in place.	1	Y		
7	All	Operations	Operational	Death or severe harm to staff while undertaking work programmes out in the field or within headquarters/regional offices.	1	5	5	Y	Deputy CEO	Council's Health and Safety system includes comprehensive hazard register; policy, procedures and safe work practices documentation including training records. Regular health and safety committee meetings are held and health and safety is a standing agenda item for all team meetings. ACC tertiary level accreditation retained at last audit (August 2012). Insurance is in place.	1	Y		
8	Transport	Transport	Operational Political	Customers are unhappy with contracted bus and total mobility services because of a failure to meet reliability and/or quality targets.	3	1	3	Y	SPM Transport Operations	Total Mobility - biannual meetings held with agencies and transport providers; good working relationships maintained. Council has option to target rate fund the service if the WDC withdrew. Bus Operations - Strong relationships with operators, regular meetings with North Bus and regional contract manager. Contract includes penalty clauses for lateness to timetable and missed trips. A complaints register is maintained and actioned by both parties (maintained by Council, sent to NorthBus for action and response). The buses were all new at commencement of the contract (2008) so reliability of the Buses is not currently an issue. Both - customers' satsfaction surveyed annually - recent surveys show 80% plus satisfaction.	3	Y	Due to NZTA not contributing to CPI increases, recommend the residual risk remains at this level.	

Ref	Group of activities	Activity	Risk category - Operational Strategic Political	Risk description	Likelihood (1 low to 5 high)	Effect (1 low to 5 high)	Risk rating	Mitigation possible Y/N	Responsibility	Mitigation action	Residual risk (after mitigation) (1-25)	Residual Risk Acceptable(1-6)	Justification etc	Action Plan Status/Owner/Link
9	Transport	Transport	Operational Political	The cost of contracted bus services significantly exceeds the budget due to unforecast changes in the diesel bus contract index. Councils have been advised by NZTA that from 1 July 2012, they will not contribute any funding towards CPI increases.	3	2	6	Y	CEO	Budget reviewed annually using indices provided by NZTA to best anticipate diesel price increases and monitored quarterly. Regular monitoring of passenger numbers and rationalisation of bus runs when necessary. Annual review of NZTA funding, fare recovery and local contribution through Annual Plan process allows community consultation on potential increases to rates/bus fares. Council can top up from reserves, cash or reduce level of service to manage the issues. If prices go up significantly. We can either stop the service or increase rates and fares.	2	Y		
10	Transport	Transport	Operational Strategic Political	NZTA cut funding across a number of subsidised areas. Risk to bus service, risk to road safety, risk to total mobility, risk to forward planning.	3	3	9	Y	CEO	Annual budgeting for assessing impact of any change in subsidies and consultation with public on options for future of service. Lobbying of government and local politicians by CEO and Chair.	2	Y		
11	Transport	Harbour Safety and Navigation	Operational Political	Navigation accident in the harbour and oil spill threatens environment.	1	3	3	Y	Harbour Master	Northland Marine Oil spil Contingency Plan describes risk, resources and actions to prevent accidents and council's response to one. Council provides pilotage services in Bay of Islands utilising skilled specialist staff, has maintenance plans for maintaining navigation aids for safe shipping activities and other recreational boating and approves Tier 1 oil transfer site plans. Risk assessments and plans meet New Zealand Port and Harbour Marine Safety Code. Insurance is in place. Regular meetings with safety Management stakeholder groups; regular review of Navigation Safety Bylaws; patrols and education by Harbour Wardens. Summer education and publicity programme run on conjunction with Maritime NZ and small boat safety council.	1	Y		
12	Hazard Management	Civil Defence and Emergency Management	Operational Political	Response systems fail in the event of a natural disaster.	2	4	8	Y	CDEM	Refer Civil Defence Emergency Management Plan (national and regional structure) for readiness, reduction, response and recovery. Plan regularly reviewed and updated, debriefs of all emergency responses provide continuous improvement.	1	Y		
13	River Management	River Management	Operational Political	Failure of flood protection structures and measures.	2	4	8	Y	Deputy CEO	Priority rivers management plans developed for the 27 priority rivers within Northland (based on risk assessment to life and property). Working progressively through list to implement annual maintenance and consider options for capital works to further reduce flood risk. Asset Management Plan in place for Awanui scheme. Land Management reserve in place to fund emergency works if necessary. Refer also to the CDEM mitigations. Full insurance is in place.	2	Y		
14	Resource Management	Resource Planning	Operational Strategic	Regional Policy Statement hearings/appeals expenditure is greater than budget and reserve commitment.	2	2	4	Y	General Manager - Planning and Policy	Stakeholder engagement through development of new plan including region's and neighbouring district councils. Competent and knowledgeable staff engaged on project follow best practice within council's Quality Planning Manual. Collaboration with other regional councils on their recent plan developments. Willingness to resolve as many appeals/issues as possible through mediation process.	1	Y		
15	Economic Development	Investment and Growth Reserve projects	Strategic Political	Projects funded from the Investment and Growth Reserve return less than expected or zero returns.	3	2	6	Y	CEO/Councillors	Criteria for funding projects and project funding approved by council. Business assessment tool being developed for screening projects for recommendation to the council. Only interest available for funding; capital of council's investments not at risk.	2	Y		
16	Support Services	Finance	Operational Strategic	Northland Port Corporation Ltd does not deliver projected dividend.	1	3	3	Y	CEO/Councillors	Competent directors and management with regular reporting to shareholder. Councillor on company's Board of Directors, acts as a watchdog over council's investment. Transition to reduce and eventually eliminate dividend for funding operations will reduce council's dependency on this revenue stream. Future use for economic development projects is less reliant on projected income value.	1	Y		
17	Support Services	Finance	Operational Political	Loss of council funds (through fraud).	1	2	2	Y	All	Strong management control environment; robust system controls in place; best practices policies and procedures in place including council's Treasury Management Policy. Internal accounting controls in place with external and internal audit processes. Insurance is in place.	1	Y		

Ref	Group of activities	Activity	Risk category - Operational Strategic Political	Risk description	Likelihood (1 low to 5 high)	Effect (1 low to 5 high)	Risk rating	Mitigation possible Y/N	Responsibility	Mitigation action	Residual risk (after mitigation) (1-25)	Residual Risk Acceptable(1-6)	Justification etc	Action Plan Status/Owner/Link
18	Support Services	IT	Operational	Loss of financial and other important records	1	2	2	Y	General Manager Finance and IT	Offsite back up of all IT records. Retention and disposal policy in place. Key documents are electronic. Insurance is in place.	1	Y		
19	Support Services	Property	Operational	The performance of council's owner-occupied buildings during an earthquake will not allow staff to exit the building without casualty. The council Whangarei headquarters building as been identified as having non-ductile columns - we are in the process of arranging a Geo Tech report/review.	1	5	5	Y	General Manager Finance and IT	NRC building has been assessed for earthquake risk - result is 67% compliant. Assessment will be updated once Geo tech report completed. Council received the results of the further seismic structural analysis on the 36 Water Street building in late June 2013. The results of the Water Street building assessment are that in current conditions, the four-storey building is 58% NBS and the two-storey building 34% NBS. The engineers have reported that the cantilever column in the two-storey building could be strengthened to achieve 58% NBS for that building also. This work will be completed in late 2013 (waiting for Tim Hayman for quote, expected to cost \$15-\$20K).  The engineers have been requested to design the strengthening required to achieve 58% NBS for the two storey building as well as provide details and cost estimates on strengthening options to achieve the 67% NBS. We expect to have engineering requirements to bring building to 67% NBS by 6 December 2013 – this would then need to go to RFP for costing.	2	Y		
20	Support Services	IT	Operation	Network outage causes lost productivity for staff and source of problem not identified leading to disruption in continuity of supply of information systems to council and the community.	2	4	8	Y	General Manager Finance and IT	Trained IT staff employed. Up to date and current infrastructure (with warranties over the life of the infrastructure). As-built plans and network infrastructure documented (good understanding of dependencies and how everything works). Redundancy and resilience integrated into infrastructure and the network (back up if something fails). Regular and planned renewal and replacement programme. common technologies (Microsoft VMware, HP etc) Implementation in accordance with best practice. Offsite DR (automated with full failover). Alerts (early notification). Tape backups at a third site. Informed and expert consultants who are available on demand (24/7). Good coverage of consultants and external providers ensure the knowledge of council's system and network is not restricted to a small number of staff and consultants. Website - external facing information is hosted externally.	1	Y		
21	Support Services	IT	Operational	Due to power failure and/or a significant event, access to the council building is lost (including access to IT server room and network) and service delivery interrupted.	1	5	5	Y	General Manager Finance and IT	Power Failure (but access retained) to council building - UPS system in place and generator project in train. If no access to building then failover to DR site, staff will be able to access remotely (provided the wider service provider networks are available). Refer separate DR and business continuity plan. <b>Generator now in place for backup power supply.</b>	1	Y		
22	Support Services	IT	Operational	Major supplier goes out of business - loss of product or service. Biggest risk is the business hosting council's DR site ceases to operate.	3	3	9	Y	General Manager Finance and IT	Minimal council kit is located in offsite location. Discussions ongoing with current and other providers for long term solution Regular meetings and ears to the ground. If site was compromised if alternative location was available would act to have DR site up and running within a week. Maintaining relationships with range of suppliers and other businesses.	2	Y		
23	Support Services	Commercial Investments	Political Strategic Operational	Council investment mix changed and returns lower than projected.	1	3	3	Y	General Manager Finance and IT	Treasury Management policy change requires robust decision-making processes to be followed. Transition to reduce and eventually eliminate investment income for funding operations will reduce council's dependency on this revenue stream. Future use for economic development projects is less reliant on projected income value.	1	Y		
24	Support Services	Commercial Investments	Political Strategic Operational	Marsden Point Rail corridor not pursued and sale of properties returns less than original sale price.	2	2	4	Y	CEO	Lobbying Kiwirail and government for rail link to be pursued. Hold properties until market recovers.	2	Y		
25	All	All	Political	Councillor decision making. Councillors either make short term decisions (3 year election cycle) or no decisions in light of their personal political and economic environment (e.g. freshwater NPS) and, do not consider other impacts e.g. Maori impact, economic impact. Fractured governance. Lack of decision making due to dysfunctional governance	2	3	6	Y	Councillors/CEO	Executive management team ("EMT") activities are structured to align to the Long Term Plan ("LTP") and other governing regulations. EMT provide Councillors with information to make informed decisions. Policies are available to limit significant decision (e.g. Significance Policy) that will require consultation.	2	Y	The efficient transition to the new council reduced the risk profile.	
26	Support Services	Finance	Financial	Poor investment decisions are made that result in substantial loss.	1	5	5	Y	CEO/ Councillors	Staff provide advice as requested by the Councillor to aid the Councillors to make informed decisions. Policies are available to limit significant decision (e.g. Significance Policy) that will require consultation. Controls available for financial investments (e.g. Treasury Management Policy).	1	Y		



Ref	Group of activities	Activity	Risk category - Operational Strategic Political	Risk description	Likelihood (1 low to 5 high)	Effect (1 low to 5 high)	Risk rating	Mitigation possible Y/N	Responsibility	Mitigation action	Residual risk (after mitigation) (1-6)	Residual Risk Acceptable(1-6)	Justification etc	Action Plan Status/Owner/Link
27	All	All	Political	Opportunities (e.g. economic) are not maximized due to slow pace of decisions making as a result of lack of agreement, inconsistent decision making and/or insufficient information provided to aid decision making. Decisions are re-litigated by Councillors / CEO resulting in a loss of momentum in taking Northland forward	3	3	9	Y	CEO/ Councillors	Local Government Act have controls and requirements that may enhance decision making. Urgent Council meetings can be called to assist in decision making. CEO has full delegation to spend within the agreed budget provide the activities undertaken will cover the agreed objective and agreed levels of service.	3	Y		
28	Support Services	Finance	Financial	Financial and investment decisions are not made or investigated further due to the complacency driven by the current cash position.	1	2	2	Y	General Manager Finance and IT	On a daily basis management review the cash position to determine the daily cash requirements in order to invest money any surplus cash (currently invested on a business saver rate). Management prepare rolling 12 month forecasts with longer term annual forecasts to monitor funding levels over the period of the approved LTP.	1	Y		
29		Northland Inc.	Operational Strategic Political	Northland Inc do not deliver what has been committed. No reporting back on Northland Inc activity.	4	3	12	Y	CEO/ Board Northland Inc	Council has a high degree of responsibility and control of objectives and targets of Northland Inc and must agree to the Statement of Intent ("SOI") or take all practicable steps to have the SOI modified if it does not agree. Council has ordered a modification to the SOI (for the 13/14 year) and has instituted monthly reporting (particular focus on financial reporting) to council / audit committee by NInc.	3	Y		
30	All	All	Operational	Burn out/stress of staff through capacity and resourcing pressures due to restraints and additional requirements of the local government process.	3	3	9	Y	CEO/ EMT	EMT and line management actively monitor staff and provide flexi time as required for overtime. Staff workload is reprioritised (as required) to meet the prioritised requirements. Counselling is available if required. Provide recognition to staff on a case by case basis.	3	Y		
31	All	All	Operational Strategic Political	Political desires overtake service delivery requirements. Services provided by NRC do not grow in line with the LTP. LTP is seen as a process that must be followed, rather than a strategy. Disconnect between projects and LTP (poor alignment of strategic priorities) . Central government decision making impacting on NRC's ability to make change (e.g. regional roading project can be impacted by decisions made at Central Government level) . Disconnect with rate payers / communities. Decision making can be centered around lobby groups and may not be in the best interest of the greater community	3	3	9	Y	Councillors	EMT actively monitor services provided and expenditure incurred to check that they are linked to the LTP. EMT activities are structured to align to the LTP and other governing regulations. EMT provide Councillors with information to make informed decisions. LPT is written as "open ended" to allow for changes in the community requirements	3	Y		
32	All	All	Operational Political	Loss of key personnel and Councillors (loss of IP, knowledge, relationships) that can be further impacted due to the size and the location of the NRC.	3	2	6	Y	CEO / EMT	Back up for roles is undertaken for some of the activities and further steps are being taken to upskill current staff to cover roles as required. Could recruit from the general public to cover the roles as required	2	Y		
33	All	All	Operational	Disaster impacting NRC Operations (e.g. flooding, earthquake, tsunami, fire) for a prolonged period or a localised physical/environmental disaster specific to asset or activities undertaken. Loss of head office due to fire or other such event. Loss of a satellite site (Opua, Kaitaia, Dargaville) due to fire or other such event. Lost productivity.	1	5	5	Y	CEO / EMT	Satellite site could be more easily re-established as staff numbers are lower and could work from home if required. ITDRP is in place and data centre is available. Remote access is available and can log in via the internet (from personal computers). Core staff have logins pins 4 Redundancy available on LAN and WAN links. Planning shows that natural hazard risk for the head office is low. Sprinklers have been installed throughout head office and gas suppression in the server room. Regional emergencies can be responded to from other locations if required (e.g. Fire Department, Whangarei DC) . Insurance coverage	1	Y		
34	All	All	Operational Strategic Political	Management vs Governance – potential culture of mistrust and operating in silos	2	3	6	Y	CEO/ Councillors	EMT meet with Councillors as required and when requested. EMT and other management run workshops with Councillors to provide requested information and training	2	Y		
35	All	All	Operational Political	Conflicts of interest ("COI") (Councillors and NRC employees) are not disclosed and or not appropriately managed once disclosed.	2	3	6	Y	CEO/ Councillors	COI declarations are required on at least an annual basis for staff and Councillors. Members Interest Act sets requirement to state any COI when the matter arises during sessions. Listing is maintained of all known and declared COI's. New financial system will flag any known associations between entities and Councillors. Financial Reporting Act requires conflicts to be noted in the annual report. Where potential conflicts of interest may arise the CEO and Chairmand can and have obtained independent legal advice and provided this to the councillors involved.	2	Y		

## **ISSUE: Legislative Compliance – First Quarter 2013\2014**

**ID:** A594192

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Vibeke Wright, Policy Advisor

**Date:** 6 November 2013

**Summary** The report provides the committee with an update on the council's legislative compliance for the first quarter of the 2013-2014 financial year. It concludes with the recommendation that the report be received.

<b>Report Type:</b>	<input checked="" type="checkbox"/> Normal operations	<input checked="" type="checkbox"/> Information	<input type="checkbox"/> Decision
<b>Purpose:</b>	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input checked="" type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
<b>Significance:</b>	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input checked="" type="checkbox"/> Low

### **Report:**

Over the last two financial years, the council has conducted a legislative compliance programme on a quarterly basis. The programme assesses the organisation's awareness of and compliance with key functions, duties and powers set out in the Acts and Standards most relevant to the core operations of the council:

- Agricultural Compounds and Veterinary Medicines Act 1997
- Animal Welfare Act 1999
- Biosecurity Act 1993
- Copyright Act 1994
- Employment Relations Act 2000
- Goods and Services Tax Act 1985
- Hazardous Substances & New Organisms Act 1996
- Health and Safety in Employment Act 1992
- Holidays Act 2003
- Human Rights Act 1993
- Income Tax Act 2007
- Injury Prevention Rehabilitation and Compensation Act 2001
- International Financial Reporting Standards
- Kiwi Saver Act 2006
- Land Transport Management Act 2003
- LGOIMA Requirements – Meeting Procedures
- Local Electoral Act 2001
- Local Government Act 2002
- Local Government Official Information and Meetings Act (LGOIMA)
- Local Government Rating Act 2002
- Privacy Act 1993
- Public Transport Management Act 2008
- Residential Tenancies Act 1986
- Resource Management Act 1991
- Tax Administration Act 1994

At the conclusion of each quarter, a relevant range of key legislative functions, duties and powers are assigned to managers to make a quarterly declaration to ascertain:

- Whether their level of compliance has changed during the period;
- Whether there has been any relevant new legislation introduced during the period that needs to be added to the framework; and/or
- Whether there have been any relevant changes or updates to existing legislation during the period that needs to be recorded or added to the checklist.

The overall programme was itself the subject of a significant review during the third quarter of the 2012\13 year. This resulted in changes to the frequency of some assessments, a greater focus on qualitative assessments, and a wider involvement of

staff (i.e. not just the executive management team). The programme now also documents the source of evidence to substantiate the staff declarations.

For the period 1 July 2013 to 30 September 2013, the programme found no significant matters of non-compliance. However, four matters have been flagged:

- Staff departures have resulted in some changes to the way LGOIMA requests (i.e. formal public requests for council information) are monitored for statutory timeframe compliance. While the changes have not resulted in any instances of noncompliance, new processes are being developed to ensure appropriate monitoring occurs.
- In August 2013 an updated list of protected records of local authorities (i.e. records which may not be disposed of without the consent of the Chief Archivist) was issued in accordance with Section 40 (1) of the Public Records Act 2005. This change has prompted staff to conduct a wider review of the organisation's procedures for complying with this Act, outcomes of which will be reported in the second quarter report.
- A recent amendment to the Land Transport Management Act 2003 has changed requirements for Regional Public Transport Plans to be in accordance with national guidelines. The guidelines for these plans are not yet finalised but staff will monitor progress and ensure the local plan is reviewed in light of any new requirements. The Ministry of Transport have given until 30 June 2015 for all Regional Public Transport Plans to be approved and implemented.
- Council must also review its NZ Transport Agency (NZTA) - approved Procurement Strategy to ensure it aligns with the new public passenger transport services contracting requirements. The present NRC Procurement Strategy was to be reviewed by the end of August 2013. However, as the Procurement Strategy must align with the Regional Public Transport Plan and the guidelines for the compilation of this document have not been finalised, staff have sought an extension from NZTA in order to align the two processes.

**Legal Compliance & Significance Assessment:**

The activities detailed in this report are conducted in accordance with advice provided by the council's auditors. This report and its recommended resolution are considered to be of low significance.

**Recommendation(s):**

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1. That the report Legislative Compliance – First Quarter 2013/14 report by Vibeke Wright, Policy Advisor, and dated 6 November 2013, be received.
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**ISSUE: Business with the Public Excluded**

**ID:** A596464

**To:** Audit and Risk Committee Meeting, 26 November 2013

**From:** Simon Crabb, Finance Manager

**Date:** 14 November 2013

**Summary** The purpose of this report is to seek the committee's resolution that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below.

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**Background:**

That the public be excluded from the proceedings of this meeting to consider confidential matters.

That the general subject of the matter to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

<b>Item No.</b>	<b>Item Issue</b>	<b>Reason\Grounds</b>
4.1	Minutes of Confidential Meeting held 30 July 2013	The reasons for excluding the public are as stated in the minutes of the open section of that meeting.