



# AGENDA

**Ordinary meeting of the**

**Audit, Risk and Finance Subcommittee**

**Thursday 18 June 2015  
Commencing at 1.00pm  
Ruma Mārama  
Level 2A, Civic House  
110 Trafalgar Street, Nelson**

Membership: Mr John Peters (Chairperson), Her Worship the Mayor Rachel Reese, Councillors Ian Barker and Brian McGurk, and Mr John Murray

Guidelines for councillors attending the meeting, who are not members of the Committee, as set out in Standing Orders:

- All councillors, whether or not they are members of the Committee, may attend Committee meetings (SO 2.12.2)
- At the discretion of the Chair, councillors who are not Committee members may speak, or ask questions about a matter.
- Only Committee members may vote on any matter before the Committee (SO 3.14.1)

It is good practice for both Committee members and non-Committee members to declare any interests in items on the agenda. They should withdraw from the table for discussion and voting on any of these items.

**1. Apologies**

Nil

**2. Confirmation of Order of Business****3. Interests**

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

**4. Public Forum****5. Confirmation of Minutes**

5.1 5 May 2015

**6 - 13**

Document number M1202

Recommendation

***THAT the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 5 May 2015, be confirmed as a true and correct record.***

**6. Status Report - Audit, Risk and Finance Subcommittee  
- 18 June 2016****14 - 15**

Document number R4386

Recommendation

***THAT the Status Report Audit, Risk and Finance Subcommittee 18 June 2015 (R4386) and its attachment (A1324298) be received.***

**7. Chairperson's Report 16 - 16**

Document number R4390

Recommendation

***THAT the Chairperson's Report (R4390) be received and the updates noted.***

**FINANCE**

**8. Draft Debt Management Policy 17 - 23**

Document number R4178

Recommendation

***THAT the report Draft Debt Management Policy (R4178) and its attachment (A1353429) be received.***

Recommendation to Governance Committee and Council

***THAT the Draft Debt Management Policy (A1353429) be approved.***

**9. Corporate Report to 30 April 2015 24 - 43**

Document number R4244

Recommendation

***THAT the report Corporate Report to 30 April 2015 (R4244) and its attachment (A1366139) be received and the variations noted.***

**10. Risk Register and Framework Plan 44 - 53**

Document number R4246

Recommendation

***THAT the report Risk Register and Framework Plan (R4246) and its attachments (A1241121 and A1359808) be received.***

## **PUBLIC EXCLUDED BUSINESS**

### **11. Exclusion of the Public**

Recommendation

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

***The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Audit, Risk and Finance Subcommittee Meeting - Public Excluded - 5 May 2015</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"><li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person.</li><li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</li></ul>

### **12. Re-admittance of the public**

Recommendation

***THAT the public be re-admitted to the meeting.***

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## Minutes of a meeting of the Audit, Risk and Finance Subcommittee

**Held in Ruma Mārama, Level 2A, Civic House, 110 Trafalgar Street, Nelson**

**On Tuesday, 5 May 2015, commencing at 1.09pm**

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Present: Mr J Peters (Chairperson), Her Worship the Mayor R Reese, Councillors B McGurk and I Barker, and Mr John Murray

In Attendance: Councillor G Noonan, Group Manager Infrastructure (A Louverdis), Group Manager Community Services (C Ward), Group Manager Corporate Services (N Harrison), Manager Communications (P Shattock), Manager Capital Projects (S Davies), Manager Administration (P Langley), and Administration Adviser (G Brown)

Apology: Councillor I Barker for early departure

### 1. Apology

Resolved AUD/2015/001

***THAT an apology be received and accepted from Councillor Barker for early departure.***

Peters / McGurk

Carried

### 2. Confirmation of Order of Business

There was no change to the order of business.

### 3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

It was noted that there was no information in the Members Interests Register for Glenice Paine and this needed to be followed up.

#### 4. Public Forum

There was no public forum.

#### 5. Confirmation of Minutes

5.1 10 March 2015

Document number M998, agenda pages 7 - 14 refer.

Resolved AUD/2015/002

***THAT the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 10 March 2015, be confirmed as a true and correct record.***

McGurk / Murray

Carried

#### 6. Status Report - Audit, Risk and Finance Subcommittee - 5 May 2015

In response to a question, Group Manager Corporate Services, Nikki Harrison advised the Risk Register would be brought to the next Audit, Risk and Finance Subcommittee meeting and the Debt Management Policy had not yet been adopted.

Document number R4175, agenda pages 15 - 16 refer.

Resolved AUD/2015/003

***THAT the Status Report Audit, Risk and Finance Subcommittee 5 May 2015 (R4175) and its attachment (A1324298) be received.***

McGurk / Murray

Carried

### GOVERNANCE

#### 7. Interests Register

Document number R4170, agenda pages 17 - 25 refer.

It was noted that Councillor Barker was no longer a member of the Nelson Residents Association, therefore this needed to be removed from the Members Interests Register.

#### 8. Events Resource Consent Charging Regime for RM125012

Document number R4177, agenda pages 27 - 30 refer.

Manager Community Partnerships, Shanine Hermsen, presented.

In response to a question, Ms Hermesen advised that Anzac Day at Anzac Park did not fall into consent RM125012, however Opera in the Park was covered in this consent. She added that she believed the consent did not expire but this needed to be confirmed.

In response to a question, Group Manager Community Services, Chris Ward, advised that if there was a charge to attend an event then it was treated as a commercial activity. He clarified this was not the case for 'koha' events.

There were concerns raised in relation to costs for the use of specific venues which could be written into a resource consent. Mr Ward advised that fees and charges were currently being reviewed across Council and he could provide this information to the Subcommittee when complete.

There was general agreement that the charge for the resource consent should be increased to \$500 and that it should be clarified this was only for commercial ticketed events.

Resolved AUD/2015/004

***THAT the report Events Resource Consent Charging Regime for RM125012 (R4177) be received.***

McGurk / Peters

Carried

Recommendation to Governance Committee and Council AUD/2015/005

***THAT Council consider the options for the charging regime for the use of Council's Resource Consent RM125012, as detailed in report R4177, and increase the charge to \$500 and apply it only to commercial ticketed events.***

Peters / McGurk

Carried

Attendance: Councillor Barker left the meeting at 1.39pm.

## **9. Business Case Approach for 2015/16 Projects**

Document number R4183, agenda pages 31 - 39 refer.

Senior Project Adviser, Arlene Akhlaq, presented.

In response to a question, Ms Akhlaq advised the definition of a business case was that it identified the problems, illustrated how these could be resolved, and the stated expected benefits. She added that a business case helped manage the project and would aid decision making.



In response to a further question, Ms Akhlaq said the bullet points under section 4.3 of the report were from Prince 2 methodology, which was internationally accredited.

In response to a question, Ms Akhlaq advised there was a presentation by Derek Walker from Third Bearing during the Long Term Plan workshops and she confirmed the report had been received by Council at the end of October 2014.

There were concerns raised that some members had not read the Alan Bickers or Third Bearing reports.

In response to a question, Ms Akhlaq advised the purpose of the officer report was to address the Council resolution from June 2014, which was to 'give consideration to the projects that will follow a business case approach.' She added that at this point in time, detailed business cases could not be conducted for all projects.

In response to a question, Group Manager Infrastructure, Alec Louverdis, informed the Subcommittee the projects highlighted in yellow were a first cut by the Senior Leadership Team and still needed to be approved by Council as part of the Long Term Plan process. He clarified that some multiyear capital projects had started this financial year and for that reason were not shaded yellow.

There was concern around how projects were identified and that a process should be set before moving forward. In response to a question, Ms Akhlaq said the rationale for the chosen projects was that management believed these needed specific attention due to public/political interest or were of a substantial cost. She added that all projects do receive a level of attention.

Group Manager Community Services, Chris Ward, said the usual mechanism for projects would be through Asset Management Plans but due to time restrictions this was the best mechanism to draw the Subcommittee's attention to these projects.

There was a discussion that rationale for project selection would be beneficial especially for future projects. It was agreed that further information would be required and that it would be worthwhile having a discussion with committee chairs as to projects they thought required businesses cases before the next Governance Committee meeting.

It was suggested that a column be added to attachment 1 showing the justification for the project selection, and that the projects should be listed under the committee the project would be delegated to.

Resolved AUD/2015/006

***THAT the report Business Case Approach for 2015/16 Projects (R4183) and its attachment (A1331113) be received;***

***AND THAT discussions are held with the Committee Chairs and Deputies to clarify and justify the projects listed in (A1331113).***

Her Worship the Mayor / McGurk

Carried

Recommendation to Governance Committee and Council AUD/2015/007

***THAT a revised report and list of projects to follow a business case approach be confirmed at the next Governance Committee meeting.***

Her Worship the Mayor/ McGurk

Carried

## FINANCE

### 10. Letter to the Council on the Audit for the Year Ending 30 June 2014 - Further Information

Document number R4168, agenda pages 40 - 42 refer.

In response to a question, Group Manager Corporate Services, Nikki Harrison, advised there had not been any impact to levels of service from the reduction in staff.

Resolved AUD/2015/008

***THAT the report Letter to the Council on the Audit for the Year Ending 30 June 2014 - Further Information (R4168) be received.***

Murray / McGurk

Carried

### 11. Corporate Report for the Period Ending 31 March 2015

Document number R4194, agenda pages 44 - 65 refer.

Group Manager Corporate Services, Nikki Harrison, and Senior Accountant, Tracey Hughes, presented.

In response to a question, Ms Harrison advised there were a number of adjustments to projections for year end, however it was favourable in

terms of savings. She added that the savings were not all ratings related.

Group Manager Infrastructure, Alec Louverdis, advised the \$5,000 stated in section 5.6.4 in the report relating to the Dun Trail slip was only for a temporary solution to open up the track to users, and that a long term solution needed to be considered following the submission of a geotechnical report from the Waimarama Sanctuary Trust.

In response to a question, Group Manager Community Services, Chris Ward, said unbudgeted expenditure would be considered by Council if there was no initial budget.

In response to a question, Mr Louverdis advised the flood protection works had not been completed yet due to the gravel build up from storm events in December 2011, April 2013 and June 2014, but a plan was now in place for this to progress. He added there were issues with landowners in certain areas.

In response to questions, Mr Louverdis said the Saxton Creek Upgrade from Champion Road to Main Road Stoke had been defined in the 2014/15 Annual Plan but not resolved as yet.

In relation to Whakatu Drive/Beatson Road cycleway and sewer project, Mr Louverdis confirmed there would be minimal impact to any southern link.

In response to question, Manager Capital Projects, Shane Davies, advised that the Stanley/Beachville stormwater project was currently under negotiations with the landowner relating to the easement and if this was unresolved an alternative option was available.

In response to a question, Mr Louverdis noted the Rocks Road cycling and walking project was now being project managed by the New Zealand Transport Agency, however this was still a partnership with Nelson City Council and the Steering Group meetings would continue.

Mr Davies advised the final costs for the Maitai Walkway (Akersten Street to Trafalgar Street) were on budget. In response to a question, Mr Davies said the Saltwater Creek/Haven Road culvert completion date needed to be updated via the Councillors newsletter.

Resolved AUD/2015/009

***THAT the report Corporate Report for the Period Ending 31 March 2015 (R4194) and attachments (A1342336, A1311288, A133636, A1340305 and A793514) be received and the variations noted.***

Murray / McGurk

Carried

Recommendation to Governance Committee and Council AUD/2015/010

***THAT Council note that ongoing costs of approximately \$11,250 pa will need to be included in the Long Term Plan 2015-25 for live streaming of Council meetings.***

McGurk /Her Worship the Mayor

Carried

## 12. Exclusion of the Public

Resolved AUD/2015/011

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

***The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

McGurk / Murray

Carried

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Kahurangi Employment Trust - Completion of Liquidation</b>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> <li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>

The meeting went into public excluded session at 3.40pm and resumed in public session at 3.54pm.

### 13. Re-admittance of the Public

Resolved AUD/2015/012

**THAT the public be re-admitted to the meeting.**

McGurk / Murray

Carried

There being no further business the meeting ended at 3.54pm.

Confirmed as a correct record of proceedings:

\_\_\_\_\_ Chairperson \_\_\_\_\_ Date

18 June 2015

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REPORT R4386

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**Status Report - Audit, Risk and Finance Subcommittee -  
18 June 2016**

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**1. Purpose of Report**

- 1.1 To provide an update on the status of actions requested and pending.

**2. Recommendation**

***THAT the Status Report Audit, Risk and Finance Subcommittee 18 June 2015 (R4386) and its attachment (A1324298) be received.***

Shailey McLean  
**Administration Adviser**

**Attachments**

Attachment 1: Status Report - Audit, Risk and Finance Subcommittee - June 2015

All Actions	
<b>Committee: Audit, Risk and Finance Subcommittee</b>	
Action Sheets Report	

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
05 May 2015	Business Case Approach for 2015/16 Projects	Resolved AUD/2015/006 <i>THAT the report Business Case Approach for 2015/16 Projects (R4183) and its attachment (A1331113) be received;</i> <i>AND THAT discussions are held with the Committee Chairs and Deputies to clarify and justify the projects listed in (A1331113).</i>	Arlene Akhlaq	Discussions were held between Alec Louverdis and Councillor Davy; Chris Ward and Councillors Rainey and Noonan. The updated list and additional information requested by the Subcommittee was included in the report to the Governance Committee at its meeting on 28 May, which was then recommended to Council for its 11 June meeting. <b>Complete</b>
10 March 2015	Procurement Policy and Debt Management Process	Resolved AUD/2015/002 <i>THAT the report Procurement Policy and Debt Management Process (A1312127) and its attachments (A1293789, A1316053 and A1324271) be referred to the Governance Committee;</i> <i>AND THAT a report on the debt management policy be brought to the next Audit, Risk and Finance Subcommittee meeting.</i>	Nikki Harrison	A report on Debt Management Policy is on the agenda for the 18 June Subcommittee meeting. <b>Complete</b>
04 December 2014 (Governance Committee)	Council Risk Register	Resolved GOV/2014/015 <i>AND THAT a plan for the development of a full risk management framework incorporating this Risk Register be brought to this Committee by the end of this financial year;</i>	Nikki Harrison	A report on the Risk Register and Risk Management Framework is on the agenda for the 18 June Subcommittee meeting. <b>Complete</b>

**18 June 2015****REPORT R4390**

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## **Chairperson's Report**

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### **1. Purpose of Report**

- 1.1 To update the Audit, Risk and Finance Subcommittee on various matters.

### **2. Recommendation**

***THAT the Chairperson's Report (R4390) be received and the updates noted.***

### **3. Discussion**

#### **New Appointments Relevant to Audit, Risk and Finance**

- 3.1 I am very pleased to see the progress being made by the Chief Executive regarding the new structure around internal audit, risk management and health and safety.

#### **Audit, Risk and Finance Workplan**

- 3.2 I have been working with the Group Manager Corporate Services to establish an annual Workplan for the Subcommittee, providing a plan and timetable of regular and scheduled activities. This will form the standard base for ARF requirements and reporting, against which any additional specific activities and tasks may be scheduled.

#### **Terms of Reference**

- 3.3 A second draft of a Terms of Reference for this Subcommittee is being drawn up. It is intended that these, together with the above Workplan, will be submitted to the next meeting.

John Peters

**Chairperson - Audit, Risk and Finance Subcommittee**

### **Attachments**

Nil



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## **Draft Debt Management Policy**

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### **1. Purpose of Report**

- 1.1 To update the Committee on the Council's Draft Debt Management Policy as requested at the Audit, Risk and Finance Subcommittee meeting on 10 March 2015.

### **2. Delegations**

- 2.1 The Audit, Risk and Finance Subcommittee has oversight of the management of financial risk.

### **3. Recommendation**

***THAT the report Draft Debt Management Policy (R4178) and its attachment (A1353429) be received.***

### **Recommendation to Governance Committee and Council**

***THAT the Draft Debt Management Policy (A1353429) be approved.***

### **4. Background**

- 4.1 The Procurement Policy and Debt Management Process was considered at the Audit, Risk and Finance Subcommittee on 10 March 2015. The Subcommittee requested that the Draft Debt Management Policy be reported to the Subcommittee at a future meeting.

### **5. Discussion**

- 5.1 The Debt Management Policy covers the guidelines for:
- 5.1.1 Extending credit – new standard credit application forms have been put in place for new customers applying for credit. Finance will work through a process of getting an application in place for existing debtors as it is important that debtors accept our terms and conditions of credit.
- 5.1.2 Payment terms and invoicing – a key change from previous practice is that a list of aged debtors will be provided to managers each month to

ensure that they are taking appropriate and consistent action in relation to the debt.

- 5.1.3 Debt collection – outlines the current procedure. However, all debts over \$10,000 and/or of a sensitive nature and greater than 90 days overdue will be reported to the Audit, Risk and Finance Committee in the future. It is not standard practice to charge interest on outstanding debts but it is recommended the Group Manager Corporate Services has discretion to charge interest.
- 5.1.4 Disputed amounts – an Invoice Dispute Procedure is included in the credit application form as part of the Terms and Conditions.
- 5.1.5 Payment arrangement by instalments – outlines the procedure to be followed when payment arrangements are put in place.
- 5.1.6 Bad debts – this section documents the current process for writing off bad debts.

## **6. Options**

- 6.1 Accept the recommendation – approve the Draft Debt Management Policy.
- 6.2 Reject the recommendation – not approve the Draft Debt Management Policy.

## **7. Alignment with relevant Council policy**

- 7.1 This decision is not inconsistent with any other previous Council decision.

## **8. Assessment of Significance against the Council's Significance and Engagement Policy**

- 8.1 This is not a significant decision under the Council's Significance and Engagement Policy.

## **9. Consultation**

- 9.1 No consultation has been undertaken in preparing this policy.

## **10. Inclusion of Māori in the decision making process**

- 10.1 No consultation with Maori has been undertaken in preparing this policy.

Nikki Harrison  
**Group Manager Corporate Services**

## **Attachments**

Attachment 1: A1353429 - Draft Debt Management Policy



## **Draft Debt Management Policy**

**Effective June 2015**

**Review date June 2018**

- 1. Contact: Accounting Services Manager, Finance**

## 1. Policy Objectives and Scope

The Policy Objectives and Scope are as follows:

- 1.1. To ensure Council manages its Accounts Receivable in such a way that reduces risk to the organisation and protects the income earned for services provided.
- 1.2. Provides a consistent approach to the management and follow-up of debt.
- 1.3. Provides the rules and general guidance around extending credit to third parties.
- 1.4. Provides the rules around the write-off of debt.
- 1.5. This policy excludes rates (including water rates), parking, and dogs which are covered by statutory processes.

## 2. Principles of Policy

The guiding principles for this policy are as follows:

- 2.1. Responsibilities. All business units are responsible to provide complete and accurate information for any chargeable work or services to external parties for billing purposes.
- 2.2. Risk Management. Principles of risk management will underpin decisions made in relation to credit and debt management. The business unit providing the goods and/or service is accountable to ensuring that the debtor is a good credit risk, ensuring Council's exposure to potential debt write-off is eliminated.
- 2.3. Fairness and Equity. Council will ensure that all debts are managed fairly and equitably. Parties that incur debts do so on the understanding that Council's standard terms of payment are met.

## 3. Policy Guidelines

The sections following are intended as a guide to ensure outstanding debts are managed and reported to Council.

- 3.1. Extending Credit:
  - It is the responsibility of managers to ensure that debts raised by invoice are properly chargeable and comply with applicable regulations, laws and Council policies.
  - Standard credit application forms, appropriate to the level of credit to be extended, or the risk, will be completed when a customer applies for credit.
  - Managers and their delegates should request a credit check from the finance team before they agree to extending credit. A credit check is to be based on:
    - The value of the work being undertaken is above \$10K, or
    - A lesser amount if the business unit feels it is appropriate, or
    - Where there is a potential risk to the organisation, or
    - Where there is the potential for an ongoing relationship between Council and the debtor and a credit history has not previously been established.



- In cases where the credit check indicates a high level of risk, then the Accounting Services Manager should determine that payment terms are to be "Cash in Advance".

### 3.2. Payment Terms and Invoicing:

- Council's payment terms are displayed on the invoice. Standard terms being the 20th of the month following the date of the invoice.
- Other credit terms may apply in relation to the approved fees and charges schedule and any ongoing changes, e.g. cash in advance for building consents.
- Where a debtor does not pay within the credit term, the debtor is to be considered in default of the agreement to pay, and collection procedures are to be initiated as appropriate.
- The Managers are provided a list of all aged debtor accounts, each month showing the status in respect of invoices as raised by staff within their group.
- All invoices must be raised against individuals or legal entities, i.e. limited liability companies or incorporated societies, which provides a specific source of contact for debt recovery.
- Where possible, arrangements will be put in place to ensure that Council's interests are protected eg for seasonal ground use fees, spreading payment over session rather than invoicing all at the end.

### 3.3. Debt Collection:

- Where debtors are in default of the credit terms, the Finance Team is to initiate appropriate collection procedures after having notified the appropriate manager or their delegate of the debtor status and confirmed that no reason exists that would inhibit collection procedures.
- Appropriate collection procedures may include suspending any further entitlement to credit, and/or to the extent permitted by law, refrain from supplying further goods or services to the customer, until such time as the outstanding debt is repaid in full.
- All debts over \$10K and/or of high profile which are likely to be reported to the Audit Risk and Finance Committee are to be brought to the attention of the Group Manager of the group that raised the debt.
- With the approval of the Group Manager Corporate Services, interest may be charged on outstanding debts at Council's weighted average interest rate for the period it is outstanding.

### 3.4. Payment Arrangement by Instalments:

- All amounts owing to Nelson City Council should be paid in full immediately when they become due and payable. However, there may be situations where it is not possible for an amount to be paid in full immediately, e.g. where full immediate repayment would lead to unreasonable financial hardship on the customer.

- Only the Accounting Services Manager may agree to recovery of debts by instalment. The Group Manager Corporate Services may accept a reasonable request for the payment of an outstanding amount by instalments, provided that reasonable progress is made promptly within a specified date.
- Any instalment repayment agreement is to be documented in writing and agreed by both the debtor and Accounting Services Manager.
- An explicit term of any such arrangement is that the failure by the debtor to pay any instalment on or before the due date will render the full amount of the debt then outstanding, immediately due and payable.

### 3.5. Dispute Settlement:

- Where payment of an outstanding debt is disputed by a debtor, the Debtors Officer will refer to the following Invoice Dispute Procedure as detailed in the Terms and Conditions.
- Consultation should be made with the relevant operational staff to attempt to mediate a solution. Any amounts not in dispute must be paid in full and on time.

### 3.6. Invoice Dispute Procedure:

- If the customer disagrees with a tax invoice provided by Nelson City Council:
  - The customer must notify Nelson City Council in writing no later than 10 business days following receipt of the invoice, setting out in reasonable detail the nature of the invoice dispute and the reasons for non-payment
  - Nelson City Council will acknowledge receipt of such invoice dispute notice and both parties' responsible managers will endeavour to promptly settle the invoice dispute by agreement
  - If, on resolution of the invoice dispute, an amount is due to Nelson City Council, the customer will pay that amount to Nelson City Council within five business days of resolution of the dispute, or if a building or resource consent, as per the terms of the consent.
- Where only a portion of an amount claimed in a tax invoice is the subject of an invoice dispute (disputed portion), this clause will only apply to the disputed portion and the balance of the amount payable in respect of that tax invoice must be paid by the customer to Nelson City Council no later than the due date of the invoice.

### 3.7. Bad Debts:

- Debts unable to be collected are to be known as bad debts and must be submitted annually to the Audit Risk and Finance Committee for write-off if over \$2,500.
- These debts are to be registered with Council's external debt collection agency or liquidator/receiver for continued collection.
- The authority levels pertaining to the write-off of bad debts have been approved by Council, as follows:



- General Manager Corporate Services approves any debt write-off up to a maximum of \$2,500 for any one item.
- Debt write-off amounts in excess of \$2,500 per item require Council approval and will be submitted to the Audit Risk and Finance Committee.
- All debts written off are to be recorded for future possible action and information, and systems are to be updated to best ensure that staff are aware before raising further debts.

## **4. Monitoring and Implementation**

### **4.1. Reporting:**

- All debts over \$10,000 and greater than 90 days overdue will be reported to the Audit Risk and Finance Committee.
- Other significant debts under \$10,000 where there is a potential risk of non payment, or debts of a sensitive nature, will be reported to the Audit Risk and Finance Committee.

### **4.2. The policy will be reviewed every three years or at the request of Council or in response to changed legislative and statutory requirements or in response to any issues that may arise.**

## **5. Responsibility**

- 5.1. The Debtors Officer is responsible for Debtor Management, with the assistance of the Accounting Services Manager for escalation where required. Outstanding debts will be reviewed on a regular basis by the Debtor Officer and the Accounting Services Manager and decisions will be made as to the most appropriate debt recovery action. This can include:**
- Issue of regular reminders
  - Personal contact with the debtor
  - Referral of matter to the manager responsible for initiating the debt (where appropriate)
  - Escalation of matter to the Group Manager Corporate Services and/or referral to debt recovery agents.

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## **Corporate Report to 30 April 2015**

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### **1. Purpose of Report**

- 1.1 To inform the members of the Audit Risk and Finance Committee on the financial results of activities for the 10 months ending 30 April 2015 compared to the final projection, completed as part of the Long-Term Plan 2015-2025 (LTP), and to highlight and explain any material variations.

### **2. Delegations**

- 2.1 The Audit Risk and Finance Committee has oversight of the management of financial risk and makes recommendations to the Governance Committee and to Council.

### **3. Recommendation**

***THAT the report Corporate Report to 30 April 2015 (R4244) and its attachment (A1366139) be received and the variations noted.***

### **4. Background**

- 4.1 The report focuses on the 10 month performance compared with the year to date projection. Budgets/projections for operating income and expenditure are phased evenly through the year, whereas capital expenditure budgets/projections are phased to occur mainly in the second half of the year.
- 4.2 Projections (forecasts) were updated in April as part of the work informing the final LTP.
- 4.3 Some definitions of terms used within this report:
- Operating income – all income other than rates including metered water, grants, fees, rentals, and recoveries;
  - Rates – includes the general rate, wastewater, stormwater and flood protection rates, and targeted rates for Solar Saver;



- Staff costs – salaries plus overheads such as training, super, professional fees and office accommodation expenses;
- Depreciation – includes all depreciation, and any losses on asset disposal/retirement;
- Interest – includes debt interest, bank fees, interest rate swap margins, treasury and rating agency fees.

## 5. Discussion

- 5.1 The report focuses on performance to date compared with the year to date projections. More detailed financials by sub-activity are in Attachment 1.
- 5.2 For the 10 months ending 30 April 2015, the activity surplus/deficits are \$2.0 million favourable to projection.
- 5.3 Revenue and expenditure variances are discussed by activity.
- 5.4 Staff expenses are \$178,000 in total better than projected. Variances in activities illustrate where staff time has actually been spent against where it was expected to be spent at the time of setting the 2014/15 Annual Plan. Savings identified through the projections exercise are reflected in total in the Corporate Activity.

### NCC variance to projection to 30 April 2015

Activity	Year to Date Variance to Projection					
	Surplus (Better)/ Worse	Revenue (Better)/ Worse	Expenses - Staff	Expenses - other	Expenses - Interest	Expenses - Depr
Corporate	237,365	445,450	213,133	(344,263)	(106,289)	29,334
Parks & Active Recreation	(361,863)	86,932	(188,693)	(171,358)	(29,365)	(59,379)
Social	(147,235)	(48,369)	16,721	(94,930)	(15,716)	(4,940)
Economic	(126,727)	(135,238)	136,165	(127,654)	()	0
Transport	(365,516)	9,676	(54,609)	(452,079)	(33,311)	164,807
Environmental Management	(510,922)	333,066	(104,272)	(735,385)	(2,062)	(2,269)
Wastewater	(75,729)	280,713	(24,417)	(255,876)	(130,005)	53,856
Stormwater	(150,628)	(5,000)	(142,791)	28,216	(31,025)	(29)
Water Supply	(372,316)	74,977	(22,072)	(434,596)	(19,998)	29,373
Flood Protection	(148,941)	0	(7,075)	(85,489)	(59,983)	3,607
<b>Total</b>	<b>(2,022,514)</b>	<b>1,042,207</b>	<b>(177,910)</b>	<b>(2,673,414)</b>	<b>(427,755)</b>	<b>214,358</b>

### Corporate

- 5.5 The Corporate activity is \$237,000 worse than projection due to a range of factors including:
- 5.5.1 Revenue – \$445,000 less than projection. Income in the Disaster Recovery Fund is \$288,000 under projection due to timing of further insurance claims (in progress). Internal interest is \$299,000 under projection reflecting the timing of capital expenditure. This is offset by the income on Rental Properties reflecting one month in advance.

Report to 30 April 2015

- 5.5.2 Expenses – staff \$213,000 higher than projection . Organisation-wide savings in staff expenditure identified through the latest projection exercise have reduced budget available in this activity.
- 5.5.3 Expenses – other \$344,000 better than projection as the contingency has not yet been called on (\$125,000) and Civic House expenditure is under projection (\$125,000). Property condition assessments has little expenditure recorded against it (timing) and the budget for post earthquake inspections (reactive budget), year to date \$38,000, currently has only \$1,000 recorded against it. There is currently an underspend of \$39,000 in building and other maintenance for Civic House. Expenditure on the Strategic Property Review is currently being incurred, but is \$38,000 under projection as at the end of April. Third party communications costs (including production costs for Live Nelson) are under projection by \$36,000.

### **Parks and Active Recreation**

- 5.6 The Parks and Active Recreation activity is \$362,000 better than projection due to:
  - 5.6.1 Revenue - \$87,000 less than projection due to timing of some revenue streams such as the golf course and Saxton Stadium.
  - 5.6.2 Expenses – staff - \$189,000 better than projection. The distribution of staff time over the organisation differs from anticipated and there are savings across this activity but particularly in Community Programmes, Esplanade and Foreshore Reserves, Sports Parks and Recreation Liaison. Savings identified through the projections exercise are represented in total in the Corporate activity.
  - 5.6.3 Expenses – other - \$171,000 better than projection. Regional Community Facilities is \$87,000 more than projection as the second grant to the Brook Waimarama Sanctuary Fence has been paid in full (\$524,000 - timing). Year to date expenditure is under projection in many areas including maintenance, electricity and insurance costs and consultancy costs.

### **Social**

- 5.7 The Social activity is \$147,000 better than projection due to:
  - 5.7.1 Expenses – other - \$95,000 better than projection. Base expenditure is \$122,000 underspent year to date across a large range of activities, for items such as water, insurance, maintenance, cleaning and electricity. Expenditure against property maintenance contracts are currently \$47,000 under projection.

### **Economic**

- 5.8 The Economic activity is \$127,000 better than projection due to:

- 5.8.1 Revenue - \$135,000 better than projection. The Cricket World Cup (CWC) cost recovery is now largely complete (producing a timing variance) and more than anticipated. Extra expenditures not originally in the budget have been recovered. See paragraph 6.2.
- 5.8.2 Expenses – staff - \$136,000 more than budgeted, almost entirely in the Cricket World Cup sub-activity. This is a budgeting issue as the number of staff hours required was within the 4,000 allowed as part of \$900,000 expenditure cap in the contract. See paragraph 6.2.
- 5.8.3 Expenses – other - \$128,000 better than projection. The Economic Development expenditure is under projection by \$260,000. The events contestable fund is \$156,000 under projection. If unspent at year end the balance will be held in reserve for future years. There is no spending to date in the business incubator (timing), facilities marketing and economic impact assessment. Expenses relating to the CWC are now complete, producing a timing effect of expenditure being \$131,000 more than projection (see paragraph 6.2).

### **Transport**

- 5.9 The Transport activity is \$366,000 better than projection due to:
- 5.9.1 Expenses – other - \$452,000 better than projection, mainly in unsubsidised roading. The most significant underspends in that activity are:
- Base maintenance (\$89,000) including street and sump cleaning and footpath maintenance, expected to be spent over Autumn;
  - \$204,000 underspent relating to UFB remediation and corridor access. Corresponding income is also under projection.
  - \$57,000 underspent year to date in recovery works from the 2011 emergency event relating to Days Track. This work will be carried forward into 2015/16.
  - No expenditure year to date for the southern arterial corridor management plan (\$81,000 - this has been delayed until the findings of the Southern Arterial Investigation – Annesbrook Drive roundabout to QEII Drive roundabout (run by NZTA) are known).
- 5.9.2 Depreciation - \$165,000 worse than projection. Depreciation expense in this activity needs to be adjusted for the changes to the capital programme as generated by the projections process. Once adjusted, expenditure is expected to be in line with the depreciation projection.

### **Environmental Management**

- 5.10 This activity includes Civil Defence and Rural Fire activities, Consents and Compliance, Environmental Programmes, and Solid Waste activities. The Environmental Management activity is \$511,000 better than projection due to:

- 5.10.1 Revenue - \$333,000 less than projection. Landfill fees are \$43,000 less than projection. Internal income in the solid waste group is \$152,000 less than projection and is offset in expenses. Building services job sales are \$55,000 less than projection. Food premises license fees are currently \$79,000 under projection with most of the income for that subactivity being invoiced in the last quarter of the financial year (timing). \$101,000 year to date income projected for the Clean Heat Warm Homes programme is part of an end of year adjustment (timing).
- 5.10.2 Expenses – staff - \$104,000 better than projection. This is mainly in Building Services which has carried vacancies for much of the year, and which has not been charged staff time from the Resource Consents team to the extent anticipated.
- 5.10.3 Expenses – other - \$735,000 better than projection Monitoring the Environment is \$212,000 under projection as this sub activity contains a large number of programmes (timing – almost all of this variance is committed with outstanding purchase orders). Expenditure relating to the Nelson plan is currently \$200,000 under projection, but there are outstanding purchase orders for almost all of that amount. Landfill expenditure is \$236,000 under projection reflecting no expenditure yet for Emissions Trading Scheme (ETS) levies and lower internal charges than anticipated from other solid waste sub-activities. Other sub activities in Solid Waste show year to date savings of \$73,000.

### **Wastewater**

- 5.11 The Wastewater activity is \$76,000 better than projection due to:
- 5.11.1 Revenue - \$281,000 less than projected, related to the NRSBU investment return. The distribution from the Regional Sewerage Business Unit (NRSBU) is less than budgeted as input volumes from all five customers are less than anticipated.
- 5.11.2 Expenses – other - \$256,000 less than projection mainly due to lower charges than expected from NRSBU, see 5.11.1.
- 5.11.3 Expenses – Interest - \$130,000 less than projected due to timing of capital expenditure.

### **Stormwater**

- 5.12 The Stormwater activity is \$151,000 better than projection due to:
- 5.12.1 Expenses – staff - \$143,000 better than projection. The distribution of staff time over the organisation differs from anticipated.

### **Water**

- 5.13 The Water activity is \$372,000 better than projection due to:

- 5.13.1 Revenue – \$75,000 worse than projection. The residential reading round extends through May and income for the full year is expected to be close to projection.
- 5.13.2 Expenses – other - \$435,000 better than projection relates to year to date underspend against maintenance budgets (\$256,000), mainly in headworks maintenance where the activity is concentrated towards the end of the year, and in reactive budgets. Base service and operating expenditure show a current underspend of \$173,000 in respect of electricity and insurance costs (savings) and the timing of the costs of the meter reading contract.

### **Flood Protection**

- 5.14 The Flood Protection activity is \$149,000 better than projection.
- 5.14.1 Expenses – other - \$85,000 better than projection. This is relating to recovery works. There has been only minor expenditure year to date for these works (identified from the December 2011 Rainfall Event). The projects have now been re-categorised as mitigation (capital) works and will extend into the 2015/16 year.

### **Capital Expenditure**

- 5.15 Capital expenditure to 30 April 2015 was \$22.0 million, \$3.6 million (10%) below projection. Details are included in Attachments 2 to 5.

### **Balance Sheet**

- 5.16 The Rates Debtors balance reflects the fourth quarter rates invoicing. This has generated a similar increase in Ratepayer's Equity.
- 5.16.1 The increase in current portion of term liabilities reflects higher levels of expenditure late in the year on capital projects along with the funding of working capital requirements resulting from the timing of cash in/out flows.
- 5.16.2 Fixed assets net of depreciation have increased by \$3.2 million reflecting that expenditure on capital projects tends towards the end of the financial year.

## **6. Projects Update**

- 6.1 Please see Attachments 4 and 5 for progress reports on Council's major projects.

### **Cricket World Cup**

- 6.2 Please see Attachment 9 for a detailed breakdown of Cricket World Cup expenditure. Council capped its total contribution at \$900,000. The rates requirement in the attachment is \$787,127 – a saving against budget of \$112,873.

## **7. Alignment with relevant Council policy**

- 7.1 The finance report is prepared comparing current year performance against the final projection for the 2015 LTP.

## **8. Assessment of Significance against the Council's Significance and Engagement Policy**

- 8.1 There are no significant decisions.

## **9. Consultation**

- 9.1 No consultation is required.

## **10. Inclusion of Māori in the decision making process**

- 10.1 No consultation is required.

Tracey Hughes  
**Senior Accountant**

### **Attachments**

- Attachment 1: NCC Summary Performance (A1362441)  
Attachment 2: Capital Expenditure Graph (A1362441)  
Attachment 3: Capital Expenditure by Activity (A1362441)  
Attachment 4: Major projects status report - delivery at risk (A1366146)  
Attachment 5: Major projects status report - on track (A1366144)  
Attachment 6: Balance Sheet ( A1360175)  
Attachment 7: Interest Rate Position Report  
Attachment 8: Debtors Report (A793514)  
Attachment 9: Cricket World Cup detailed expenditure (A1361868)

NCC variance to projection to 30 April 2015

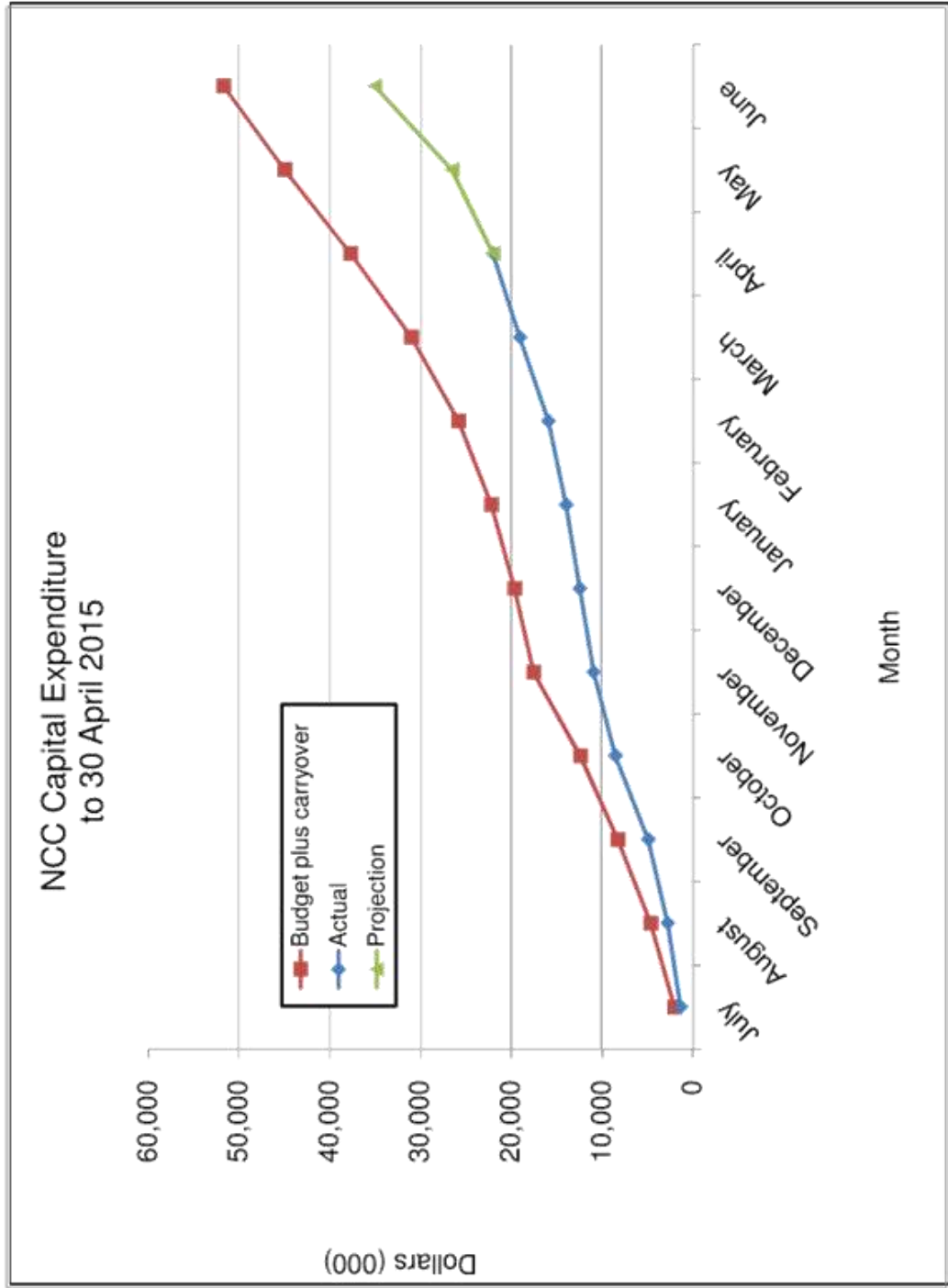
Activity	Subactivity	Year to Date Variance to Projection					
		Surplus (Better)/ Worse	Revenue (Better)/ Worse	Expenses - Staff	Expenses - other	Expenses - Interest	Expenses - Depr
Corporate	Cost Of Democracy	9,844	13,662	0	(3,817)	0	0
	Admin & Meeting Support	298,034	158	323,503	(25,626)	0	0
	Council Publicity	73,681	0	115,047	(41,342)	(23)	()
	Members Expenses	(31,231)	(59)	(5,559)	(25,529)	0	(84)
	Election Expenses	(3,211)	0	(3,333)	123	0	0
	Civic Expenses	(16,968)	(313)	948	(17,604)	0	0
	Contingency	(125,000)	0	0	(125,000)	0	0
	Investment Management	205,143	304,970	4,569	(293)	(104,103)	0
	Civic House	(134,863)	(16,951)	(1,222)	(125,263)	8,588	(15)
	Rental Properties	(73,351)	(70,825)	45,802	(47,071)	(1,078)	(179)
	Forestry	(83,349)	(74,593)	(2,318)	7,063	(13,500)	()
	Subdivisions (W/Bluff & Ridgeway)	(1,174)	1,067	(2,592)	351	0	0
	Policy	(172,352)	0	(261,711)	89,360	0	0
	Administration	(4,609)	0	0	(29,613)	(4,609)	29,613
	Emergency Response Fund	296,769	288,333	()	0	8,436	0
<b>Corporate Total</b>		<b>237,365</b>	<b>445,450</b>	<b>213,133</b>	<b>(344,263)</b>	<b>(106,289)</b>	<b>29,334</b>
Parks & Active Recreation	Horticulture Parks	(47,495)	(554)	(15,503)	(25,679)	(466)	(5,293)
	Neighbourhood Parks	(82,466)	(2,453)	(11,883)	(56,447)	(4,223)	(7,460)
	Park Trees	(1,823)	(145)	(186)	(1,492)	0	0
	Conservation Reserves	(4,842)	(4,227)	12,004	(13,570)	(25)	976
	Landscape Reserves	40,677	(7,143)	(1,659)	52,512	(2,347)	(687)
	Esplanade & Foreshore Reserves	(136,941)	(49,038)	(40,144)	(25,038)	(17,476)	(5,244)
	Heritage, Landscape, Local Trees	(9,127)	0	(12,973)	3,846	0	0
	Walkways	6,288	(196)	13,756	(1,026)	0	(6,245)
	Sports Parks	41,444	(14,032)	(14,389)	91,430	(8,764)	(12,802)
	Recreation Planning	4,856	(365)	(8,859)	14,080	0	0
	Natureland	4,417	(10)	(3,333)	8,333	(573)	0
	Trafalgar Centre	(60)	0	2,835	(1,240)	(1,655)	()
	Saxton Field Stadium	31,098	55,799	(14,692)	(19,787)	9,975	(198)
	Saxton Oval Pavilion	(12,787)	(2,943)	(2,720)	(6,460)	(427)	(238)
	Golf Course	13,874	71,912	(2,459)	(55,579)	0	0
	Pools	(31,710)	18,446	(17,720)	(29,639)	(2,586)	(210)
	Community Programmes	(52,875)	(842)	(50,116)	(1,917)	0	0
	Recreation Liaison	(24,068)	0	(27,380)	3,312	0	0
	Play Facilities	(27,449)	0	(6,929)	(11,025)	(297)	(9,197)
	Marina	(94,220)	(19,744)	(16,086)	(49,710)	(4,205)	(4,476)
	Saxton Field Capital Works	(36,598)	42,468	11,364	(72,622)	(9,502)	(8,307)
	Regional Community Facilities	57,944	0	18,380	26,358	13,206	0
<b>Parks &amp; Active Recreation Total</b>		<b>(361,863)</b>	<b>86,932</b>	<b>(188,693)</b>	<b>(171,358)</b>	<b>(29,365)</b>	<b>(59,379)</b>
Social	Managing Heritage And Arts	(26,840)	72	(3,730)	(21,032)	(234)	(1,917)
	Museum	7,774	0	143	11,550	(3,919)	0
	Suter Gallery	(36,970)	0	(27,170)	5,002	(14,802)	0
	Isel House	(5,173)	175	(7,267)	1,919	0	()
	Melrose House	812	(33)	705	(3,791)	4,505	(573)
	Broadgreen House	(8,845)	(1,075)	(10,739)	3,093	(347)	223
	Founders Park	187,400	77,904	114,248	(5,247)	3,477	(2,983)
	Historic Cemeteries	(15,264)	(12,802)	3,387	(5,716)	0	(133)
	Heritage Incentives	(39,573)	0	(5,560)	(34,013)	0	0
	Festivals	43,715	(76,134)	35,565	84,284	0	0
	Street Decorations	14,160	0	2,197	11,963	0	0
	School Of Music	38,473	0	6,397	31,658	418	0
	Theatre Royal	19,190	0	0	19,190	0	0
	Nelson Library	(10,002)	(30)	9,902	(17,274)	(3,313)	713
	Stoke Library	(93,799)	744	(88,196)	(6,559)	0	212
	Nightingale Memorial Library	(25,930)	(647)	(20,766)	(4,498)	0	(19)
	Marsden Valley Cemetery	(82,501)	(23,477)	(12,333)	(45,482)	(860)	(349)
	Crematorium	(5,256)	(13,969)	(11,834)	20,707	(156)	(3)
	Toilets (Free)	(29,745)	(230)	(3,430)	(25,552)	(485)	(48)
	Toilets (Charge)	(23,319)	(1,421)	1,319	(23,174)	(41)	(2)
	Stoke Hall	(23,238)	(1,322)	(8,174)	(13,735)	(8)	0
	Maitai Club	(16,516)	(208)	(5,534)	(10,700)	(74)	0
	Community Properties	2,660	3,597	3,833	(4,799)	58	(29)
	Wakapuaka Recreation Centre	(7,916)	331	(6,491)	(1,755)	0	()
	Trafalgar St Hall	(6,209)	(403)	1,980	(7,782)	(5)	0
	Motor Camp Tahuna	(46,135)	(39,742)	48	(6,441)	0	0
	Maitai Camp	(9,502)	11,009	(10,307)	(9,857)	(347)	0

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Activity	Subactivity	Year to Date Variance to Projection					
		Surplus (Better)/ Worse	Revenue (Better)/ Worse	Expenses - Staff	Expenses - other	Expenses - Interest	Expenses - Depr
	Brook Camp	71,894	(4,679)	70,870	5,465	269	(31)
	Community Housing	37,925	48,589	4,262	(14,924)	0	(2)
	Employment Assistance	(13,546)	(1,667)	(9,238)	(2,641)	0	(1)
	Community Liaison: Development	(36,687)	(12,952)	(12,377)	(11,359)	0	0
	Community Liaison: Grants (Ca)	(8,274)	0	5,010	(13,432)	147	0
<b>Social Total</b>		<b>(147,235)</b>	<b>(48,369)</b>	<b>16,721</b>	<b>(94,930)</b>	<b>(15,716)</b>	<b>(4,940)</b>
Economic	Sister City Links	1,119	(1,249)	1,040	1,327	0	0
	Economic Development	(258,611)	0	1,289	(259,900)	0	0
	Tourism Nelson	(1)	0	0	0	(1)	0
	Cricket World Cup	130,765	(133,990)	133,836	130,920	0	0
<b>Economic Total</b>		<b>(126,727)</b>	<b>(135,238)</b>	<b>136,165</b>	<b>(127,654)</b>	<b>(1)</b>	<b>0</b>
Transport	Subsidised Rooding	(28,463)	20,451	(74,967)	16,948	9,104	0
	Unsubsidised Rooding	(146,885)	100,776	46,073	(428,974)	(29,482)	164,722
	Rooding Properties	(4,711)	(1,499)	(2,339)	(211)	(660)	(2)
	Parking Regulation	(15,454)	(9,534)	(10,825)	4,905	0	(1)
	Car Parking	(51,361)	(13,319)	(28,485)	(22,855)	12,444	854
	Millers Acre Centre	(49,092)	(35,817)	2,512	8,679	(24,407)	(58)
	Public Transport	(59,804)	(63,369)	7,121	(2,708)	(139)	(709)
	Total Mobility	(9,746)	11,987	6,301	(27,862)	(172)	0
<b>Transport Total</b>		<b>(365,516)</b>	<b>9,676</b>	<b>(54,609)</b>	<b>(452,079)</b>	<b>(33,311)</b>	<b>164,807</b>
Environmental Management	Civil Defence	(2,094)	0	(2,083)	0	(10)	(1)
	Rural Fire Control	10,369	(10,433)	673	20,156	(21)	(6)
	Monitoring The Environment	(129,990)	0	81,907	(211,571)	(83)	(243)
	Developing Resource Mgt Plan	(198,464)	(492)	4,200	(202,172)	0	0
	Environmental Advocacy/Advice	50,117	3,351	80,958	(34,192)	0	0
	Pest Management	4,377	0	(1)	4,377	0	0
	Clean Heat Warm Homes	94,627	101,393	0	(1,118)	(5,648)	0
	Solar Saver	4,082	0	0	382	3,700	0
	Dog Control	(4,998)	(4,236)	(4,478)	3,849	0	(133)
	Animal Control	808	73	(1)	735	0	0
	Liquor Licencing	(7,146)	(9,227)	1,655	426	0	0
	Food Premises	79,118	79,142	0	(23)	0	0
	Public Counter Land & General	(28,962)	(20,680)	(9,233)	952	0	0
	Building Services	(187,338)	54,772	(208,397)	(32,396)	0	(1,317)
	Harbour Safety	4,089	(511)	(940)	5,922	0	(382)
	Pollution Response	(2,109)	(3,609)	671	829	0	0
	Resource Consents	(11,696)	(17,144)	17,609	(12,161)	0	0
	Enforcing Bylaws	(4,119)	(974)	(3,333)	187	0	0
	Whrs Claims	4,534	0	(24,636)	29,170	0	0
	Waste Minimisation	0	96,186	(58,654)	(37,532)	0	0
	Transfer Station	(1)	21,638	11,530	(32,981)	0	(187)
	Landfill	(186,426)	36,986	12,414	(235,826)	0	(1)
	Joint Landfill	297	0	297	0	0	0
	Green Waste	1	2,024	(1,116)	(907)	0	0
	Recycling	0	4,807	(3,317)	(1,490)	0	0
<b>Environmental Management Total</b>		<b>(510,922)</b>	<b>333,066</b>	<b>(104,272)</b>	<b>(735,385)</b>	<b>(2,062)</b>	<b>(2,269)</b>
Wastewater	Wastewater	(75,729)	280,713	(24,417)	(255,876)	(130,005)	53,856
<b>Wastewater Total</b>		<b>(75,729)</b>	<b>280,713</b>	<b>(24,417)</b>	<b>(255,876)</b>	<b>(130,005)</b>	<b>53,856</b>
Stormwater	Stormwater	(150,628)	(5,000)	(142,791)	28,216	(31,025)	(29)
<b>Stormwater Total</b>		<b>(150,628)</b>	<b>(5,000)</b>	<b>(142,791)</b>	<b>28,216</b>	<b>(31,025)</b>	<b>(29)</b>
Water Supply	Water Supply	(372,316)	74,977	(22,072)	(434,596)	(19,998)	29,373
<b>Water Supply Total</b>		<b>(372,316)</b>	<b>74,977</b>	<b>(22,072)</b>	<b>(434,596)</b>	<b>(19,998)</b>	<b>29,373</b>
Flood Protection	Flood Protection	(148,941)	0	(7,075)	(85,489)	(59,983)	3,607
<b>Flood Protection Total</b>		<b>(148,941)</b>	<b>0</b>	<b>(7,075)</b>	<b>(85,489)</b>	<b>(59,983)</b>	<b>3,607</b>
<b>Total</b>		<b>(2,022,514)</b>	<b>1,042,207</b>	<b>(177,910)</b>	<b>(2,673,414)</b>	<b>(427,755)</b>	<b>214,358</b>

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<b>Capital Expenditure</b>				
<b>Total Council - by Activity</b>				
<b>Activity</b>	<b>Actual YTD \$(000)</b>	<b>Projection YTD \$(000)</b>	<b>Variance YTD \$(000)</b>	<b>Full Year Projection \$(000)</b>
Corporate	841	917	-76	1,256
Parks & Active Recreation	3,636	4,581	-945	6,276
Social	2,325	2,826	-501	3,871
Economic	0	0	0	0
Transport	7,088	7,075	13	9,692
Environmental Management	1,051	764	287	1,046
Wastewater	3,023	3,997	-975	5,476
Stormwater	1,136	1,542	-406	2,112
Water Supply	2,039	2,597	-559	3,558
Flood Protection	872	1,273	-401	1,744
	<b>22,010</b>	<b>25,573</b>	<b>-3,563</b>	<b>35,031</b>
Vested Assets	2,190	2,190	0	3,000
Nelson Regional Sewerage BU	172	262	-90	359
	<b>24,372</b>	<b>28,025</b>	<b>-3,653</b>	<b>38,390</b>

### Major Projects Status Report - Delivery at Risk









Green = on track against baseline, no major issues or risks. >90% confident in delivery against plan.  
 Yellow = moderate issues &/or risks exist but are manageable. 50 to 90% confident in delivery against plan.  
 Red = high or extreme issues &/or risks requiring corrective action(s). Less than 50% confident in delivery against plan.

Project/ Programme Name	Project Definition	Next Milestone	Milestone expected completion	Status vs current year plan				Issues & Risks Reasons
				Budget	Time	Budget	Scope/ Benefits	
<b>Saxton Creek upgrade</b>	Upgrade stream channel and undertake associated landscaping.	Detailed Design complete for stages 1 and 2	Aug-15	2,500,000				NCC working with TDC to combine contracts for construction of gravel traps associated with Champion Road culvert. Stages 1 & 3 on track. Stage 2 is delayed due to ongoing landowner consultation. Carry over required.
<b>Maitai shared path (Collingwood St to Nile St)</b>	Widening of existing path to allow shared use. Includes associated landscaping and planting.	Council to confirm wider approach to shared paths	Nov-15	705,000				Project on hold. Awaiting Council decision. Carry over required.
<b>Bishopdale to the Ridgeway shared path</b>	Construct shared path to tie in with sewer upgrade works in Beatson Road.	Construction finished on-site	Aug-15	600,000				Work has commenced on site. Project initially delayed due to late approval of NZTA funding. Carry over required.
<b>Whakatu Drive / Beatson Road</b>	Widen existing path at roundabout to remove pinch point. Works to tie in with sewer upgrade in Beatson Road.	Construction finished on-site	Aug-15	100,000				Work has commenced on site. Project initially delayed due to late approval of NZTA funding for associated project. Carry over required.
<b>Beatson Road Sewer Renewal</b>	Upgrade of sewer main in Beatson Road, to be combined with new cycleway construction.	Construction finished on-site	Aug-15	325,000				This project is linked with the Wakatu Drive / Beatson Road project for delivery efficiency. Work has commenced on site. Project initially delayed due to late approval of NZTA funding for associated project. Carry over required.
<b>Orphanage Stream upgrade</b>	Investigate options for increasing capacity of bridges and culverts plus channel break out points from Ngawhatu Valley to Whakatu Drive	Appoint Contractor	Oct-15	538,047				The scope, timing and cost of this project will be affected by resource consent. Some works to be completed next financial year. Carry over likely.
<b>York Valley Landfill weighbridge</b>	Procurement and construction of new weighbridge at York Valley Landfill.	Appoint Contractor	Jul-15	450,000				Delays have resulted from initial procurement phase as no tenders were received. Tender method has been revised. Carry over required.

## Major Projects Status Report - Delivery at Risk

Project/ Programme Name	Project Definition	Next Milestone	Milestone expected completion	budget	Time	Budget	Scope/ Benefits	Issues & Risks Reasons
The Brook Area Cycling and Walking Improvements	Upgrade of cycle connections between the Maitai Walkway and Brook Street. Linked to Tasman Street Upgrade.	Construction finished on-site	May-15	425,000				Project initially delayed due to issues surrounding concept of shared paths. Scope has been reduced significantly. Carry over required.
Tasman St upgrade (Nile to Bronte)	Road upgrade and Stormwater Upgrade undertaken in conjunction with Manuka Street Intersection Upgrade and Brook walk/cycle connections.	Construction finished on-site	Jul-15	987,000				Project delayed due to unforeseen issues relating to Chorus services. Carry over required.
Stanley/Beachville stormwater	Upgrade stormwater discharge to Nelson end of Stanley Cresc.	Secure easement.	Jul-15	288,238				Land easement have been protracted. Currently awaiting signed copy of easement to be delivered from abroad. Once received, construction will commence.
Bridge St enhancement	Enhance urban environment through lighting, seating and landscape aesthetics. Work includes under veranda lighting along Bridge St and lighting along Alma and Fiddler Lane.	Construction start on-site	Jun-15	223,000				Council have agreed way forward. Scope has been defined. Tight timeframe for installation due to lead in time for materials.
Railway Reserve to CBD cycleway via St Vincent (Stage 11)	Two way separated cycle lanes along the eastern side of St Vincent Street, from Gloucester St to Haven Bx1	Achieve land owner agreement	Jun-15	54,475				Delays have accrued agreeing land requirements with private owner. Carry over required.
Flood mitigation - Gravel Traps & Intake Structures	Construction of gravel traps and upgrading intake structures in Poormans and Orphanage Streams	Complete Detailed Design	Apr-15	468,000				Significant delays due to issues surrounding resource consents.
St. Vincent to CBD cycle connection	To utilise the northern footpath of Gloucester Street as a shared path with associated improvements to crossing facilities, roundabout access and signage.	Council to confirm wider approach to shared paths	Nov-15	224,767				Project on hold. Awaiting Council decision. Carry over required.
Saxton Cycle Track (Regional Velodrome)	Design and build a 330m outdoor cycling velodrome. This is a TDC lead project.	Tenders to be evaluated	Jun-15	827,020				TDC processing construction tenders. Carry over required.
Marina maintenance dredging	Dredging of Marina in accordance with port dredging Resource Consent.	Appoint Contractor	Aug-15	212,530				Funding spans two financial years. Dredging to be undertaken in 15/16 financial year to coincide with Port Nelson dredging programme.

## Major Projects Status Report - On Track

Project/ Programme Name	Project Definition	budget	Next Milestone	Milestone expected completion	Project Health
<b>Corder Park sewer pump station upgrade</b>	Construction of new pump station at Corder Park including a section of Atawhai rising main replacement. Replaces existing pump station and pushes out need to replace sections of Atawhai rising main.	3,603,179	Construction finished on-site	Mar-16	
<b>Suter upgrade</b>	Upgrade of Gallery.	2,700,000	Construction finished on-site	Apr-16	
<b>WTP membranes - New train</b>	Involves the addition of an additional filtration membrane, called 'Train 5'. To improve the treatment plants resilience and capacity.	1,200,000	Construction finished on-site	Jun-16	
<b>Salt Water Creek/Haven Rd Culvert</b>	Design & build new concrete box culvert adjacent to Anzac park.	850,000	Construction finished on-site	Jun-15	
<b>Ngawhatu Valley Sewer Trunk Main</b>	Upgrade existing reticulation between Ngawhatu and Main Road Stoke to allow for future development in the upper Ngawhatu Valley. Works straddle two financial years.	836,000	Construction finished on-site	Jul-15	
<b>Trafalgar Centre Reopening</b>	Investigate options & implement measures to allow reopening & safe public use of the Centre.	465,747	Detailed Design complete	Jun-15	
<b>NSOM upgrade</b>	Strengthen auditorium, finalise and implement refurbishment brief.	150,000	Detailed Design complete	Sep-15	
<b>Modellers Pond Solution</b>	Improve Water quality and amenity of pond.	143,376	Construction finished on-site	May-16	

## Major Projects Status Report - On Track

Project/ Programme Name	Project Definition	budget	Next Milestone	Milestone expected completion	Project Health
<b>Completed Projects</b>					
<b>Maitai Walkway (Akerston St to Traf St)</b>	upgrade of walkway along Maitai from Traf St to Akersten				
<b>Arapiki Trunk / Express Sewer (Stage 2&amp;3)</b>	Redirection of Arapiki sewer catchment flows to Songer St pump station to avoid issues with Quarantine Rd pump station. Nayland Road to Ridgeway link stages.				
<b>York Valley Road extension</b>	Extension of access road to reach future landfill working areas.				
<b>Earthquake Prone Buildings Remediation</b>	Physical work to bring buildings up to standard required. Project include Founders Duncan House/ Granary and Melrose House.				
<b>Cable Bay Rd Recovery</b>	Work required to reinstate road to required service level post Dec-2011 emergency event				
<b>Additional Major Projects - progress reported to Council through a separate mechanism</b>					
<b>Stoke sports &amp; community facility</b>	New sports and community facility in Stoke				
<b>Rocks Rd cycling and walking project</b>	Development of walking and cycling solution along Rocks Road.				

# Nelson City Council

## Abbreviated Balance Sheet

		30/04/2015	31/03/2015	30/06/2014
<b>Current Assets</b>				
Bank Deposits	Cash and Bank	418,051	34,299	251,853
	Investments	0	0	0
Amounts due from customers.	Rates Debtors	11,668,078	(1,619,767)	242,652
	Trade Debtors	8,963,027	9,995,160	11,065,794
	Debtors and Accruals	2,150,046	2,324,854	905,367
		<u>23,199,201</u>	<u>10,734,545</u>	<u>12,465,666</u>
<b>Current Liabilities</b>				
Cash Book Balance	Bank Overdraft	0	(87,475)	0
Amounts owed to suppliers.	Creditors	(10,046,688)	(10,233,254)	(15,062,273)
	Commercial paper	(9,905,905)	(9,905,905)	(29,730,802)
Term Loans to be paid in 12 months	Current Portion of Term Liabilities	(4,900,000)	0	0
		<u>(24,852,593)</u>	<u>(20,226,634)</u>	<u>(44,793,075)</u>
<b>Net Working Capital</b>		(1,653,392)	(9,492,089)	(32,327,409)
<b>Non Current Assets</b>				
Shares in Subsidiaries etc	Investments	27,228,366	27,178,766	27,560,115
	NRSBU Term Advance	8,000,000	8,000,000	0
Total value, net of depreciation of all	Fixed Assets	1,319,924,092	1,316,762,194	1,317,869,256
		<u>1,355,152,458</u>	<u>1,351,940,960</u>	<u>1,345,429,371</u>
<b>Non Current Liabilities</b>				
	Term borrowings	(60,286,016)	(60,386,016)	(33,536,016)
Money borrowed that requires payment after 12 months	Other Term Liabilities	(1,638,391)	(1,628,442)	(1,557,261)
		<u>(61,924,407)</u>	<u>(62,014,458)</u>	<u>(35,093,277)</u>
		<u>1,291,574,660</u>	<u>1,280,434,413</u>	<u>1,278,008,684</u>
<b>Shareholder Funds</b>				
	Ratepayers Equity	366,264,076	354,982,337	352,654,845
	Reserves	925,310,583	925,452,075	925,353,839
		<u>1,291,574,660</u>	<u>1,280,434,413</u>	<u>1,278,008,684</u>

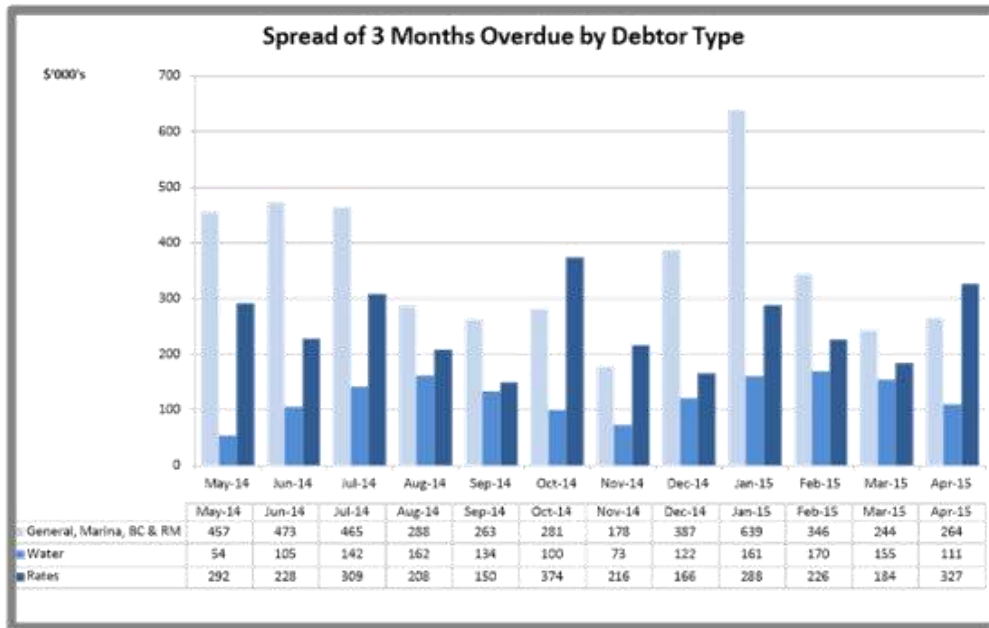
Balance Sheet April 2015 (A1360175).xls



Nelson City Council Interest Rate Position			
<b>12 Month Forecast Core Debt:</b>		<b>100.0</b>	<b>30-Apr-15</b>
Policy Limits	55% - 90%		
Overall Fixed:Floating Mix	<b>80%</b>		
Policy Compliance	Y		
<b>Liquidity Ratio:</b>		110%	
Actual	<b>133%</b>		
Policy Compliance	Y		
<b>Fixed Rate Maturity Profile:</b>			
Years	<b>1 - 3 years</b>	<b>3 - 5 years</b>	<b>5 years plus</b>
Policy Limits	15% - 60%	15% - 60%	15% - 60%
Actual Hedging	<b>23%</b>	<b>23%</b>	<b>55%</b>
Policy Compliance	Y	Y	Y
<b>Funding Maturity Profile:</b>			
Years	<b>0 - 3 years</b>	<b>3 - 5 years</b>	<b>5 years plus</b>
Policy Limits	15% - 60%	15% - 60%	10% - 40%
Actual Hedging	<b>37%</b>	<b>32%</b>	<b>31%</b>
Policy Compliance	Y	Y	Y
<b>Weighted Average Duration:</b>			
Funding	<b>3.92 Years</b>		
Fixed Rate Portfolio (swaps and fixed rate loans)	<b>5.34 Years</b>		
<b>Weighted average fixed rate on current borrower swaps*:</b>			
Swap Portfolio	<b>4.43%</b>	* Note: non-active forward starts are not included.	
<b>Counterparty Credit Risk (Interest Rate Risk Mgmt Instruments and investments)</b>			
Policy Credit Limit (NZ\$) per NZ Registered Bank (Interest rate risk management)		\$	10,000,000
Policy Credit Limit (NZ\$) per NZ Registered Bank (Investments)		\$	10,000,000
Policy Credit Limit (NZ\$) per NZ Registered Bank (Total maximum per counterparty)		\$	20,000,000
	<b>Credit Exposure (Swaps)</b>	<b>Credit Exposure (Investments)</b>	<b>Compliance</b>
	<b>(\$m)</b>	<b>(\$m)</b>	
WPC	6.17	0.00	Y
ANZ	6.92	0.00	Y
ASB	0.00	0.00	Y
BNZ	0.46	0.00	Y
Kiwibank	0.00	0.00	Y
CBA	0.00	0.00	Y

Specific borrowing limits		
Net interest expense on external debt as a percentage of total revenue to be less than 15%	2.56%	Y
Net interest expense on external debt (secured by rates) as a percentage of rates revenue to be less than 20%	4.09%	Y
Net external debt (secured by rates) as a percentage of total revenue to be less than 150%	71%	Y
Net external debt (secured by rates) as a percentage of equity to be less than 20%	5%	Y





**Nelson City Council\***  
**4320 Cricket World Cup Cost Centre**  
**Account Details**  
**For Period April 2015 plus 2013/14**

Account	April YTD Actuals (inc Commitments)	Full Year Actuals 2013/14	Total
<b>4320 Cricket World Cup</b>			
<b>Rates Income</b>	-647,296	-139,831	-787,127
43200005. General Rate	-647,296	-139,831	-787,127
<b>Other Income</b>	-729,299	0	-729,299
43200240. CWC 2015 recovery	-636,458	0	-636,458
432002400800. Recoveries Nelson Cricket Assn	-14,000	0	-14,000
432002400946. CWC Regional Government Funding	-77,152	0	-77,152
432006500800. Sundry recoveries	-1,689	0	-1,689
<b>Staff Operating Expenditure</b>	200,277	105,136	305,413
432016042433. LI: Cricket World Cup	68,764	9,188	77,952
432016042714. LI: One year to go	0	5,701	5,701
432016232433. RC: Cricket World Cup	871	0	871
43201631. Finance	4,507	0	4,507
432016352433. CS: Volunteer Coordination	58,568	2,517	61,084
432016432433. CM: CWC Cleaning and Waste contract	4,260	0	4,260
432016642433. ET: Cricket World Cup	2,181	7,849	10,030
432016722433. PF: Cricket World Cup	0	1,177	1,177
432016752433. AM: Cricket World Cup	23,311	1,446	24,757
43201676. Operations	12,891	324	13,215
432016762433. OPs: Cricket World Cup	0	9,035	9,035
43201680. Communications	10,769	-35	10,734
432016800960. CR: CWC 2015 Publicist	38	6,559	6,597
432016802433. CR: Cricket World Cup	4,431	9,858	14,288
432016932433. QM: Cricket World Cup	9,687	51,379	61,066
432016932714. QM: One year to go	0	137	137
<b>Programmed Expenses</b>	1,176,318	34,696	1,211,014
432043100871. A1.2 Venue Rental	14,385	0	14,385
432043100872. A1.3 Venue Infrastructure Costs	16,728	2,000	18,728
432043100873. A1.5 Venue Infrastr Compliance	13,024	0	13,024
432043100874. A1.7 Venue Hazard Management	842	0	842
432043100876. A1.10 Venue Other Costs	54,805	0	54,805
432043100877. A2.1 Venue Staff - Permanent	97,495	10,356	107,851
432043100878. A2.2 Venue staff - Contract	15,590	0	15,590
432043100880. A2.4 Venue Staff - Other Costs	2,238	625	2,864
432043100883. A4.1 Venue Accreditation Area	3,105	0	3,105
432043100884. A7.1 Venue Temporary Seating	41,990	1,300	43,290
432043100885. A7.2 Venue Accessibility	7,400	0	7,400
432043100886. A7.3 Venue Capacity Other Costs	1,582	0	1,582
432043100887. A8.1 Venue Control Rm & Sound	5,400	0	5,400
432043100888. A9.1 Venue Back-Up Generators	129,067	0	129,067
432043100889. A9.1 Venue Back-Up Power other	10,245	0	10,245

CWC Finances April 2015 plus 2014 (A1361868).xlsx

Account	April YTD Actuals (inc Commitments)	Full Year Actuals 2013/14	Total
432043100891. "A11.1 Venue Medical-Emergency	15,655	0	15,655
432043100893. A12.1 Venue Public Transport	2,434	272	2,706
432043100894. A12.3 Venue Parking - Staffing	11,090	0	11,090
432043100895. A12.4 Venue Transport-Park other	15,930	0	15,930
432043100897. A13.3 Venue Hospitality Other	1,960	0	1,960
432043100898. A14.1 Venue Operations Centre	3,496	0	3,496
432043100901. A14.3 Venue Security Staffing	155,450	96	155,545
432043100902. A15.2 Venue Logistics costs	3,710	0	3,710
432043100903. A15.3 Venue Temporary Overlay	23,373	0	23,373
432043100909. A16.9 Venue Screen Score Time	75,883	0	75,883
432043100911. A19.1 Venue Volunteer Centre	1,920	0	1,920
432043100913. A20.2 Ticket Booths	1,500	16,500	18,000
432043100916. "A21.6 Venue Cleaning & Waste	21,497	0	21,497
432043100917. B1 Venue Match Facilities	66,669	0	66,669
432043100919. C1 Venue Media Facilities	30,538	0	30,538
432043100923. C2 Venue Broadcast Operations	130,158	0	130,158
432043100929. D1.6 Training Field & Equipment	19,608	0	19,608
432043100933. D2.1 Training Indoor Facilities	6,072	0	6,072
432043100937. E2.1 Volunteer Event(s)	3,876	1,509	5,385
432043100941. E4.3 Other Staffing	10,875	0	10,875
432043100945. E4.7 Other Functions	28,477	0	28,477
432043100946. E3.8 Other Other Costs	70,190	0	70,190
432043100947. E5.1 City Dressing - Theming	43,647	0	43,647
432043100948. E5.2 Advertising, PR & Promo	8,724	1,581	10,305
432043100949. E5.3 Signage City Recognition	969		969
432043100960. E5.15 Temporary Comm Staff	6,455	0	6,455
432043100961. E5.15 CWC Communications	2,267	457	2,723

CWC Finances April 2015 plus 2014 (A1361868).xlsx

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## **Risk Register and Framework Plan**

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### **1. Purpose of Report**

- 1.1 To update the Committee on the Council's Risk Register and Framework Plan.

### **2. Delegations**

- 2.1 The Audit, Risk and Finance Subcommittee has oversight of the management of financial risk.

### **3. Recommendation**

***THAT the report Risk Register and Framework Plan (R4246) and its attachments (A1241121 and A1359808) be received.***

### **4. Background**

- 4.1 The Council risk register was reported to the Governance Committee at the 4 December 2014 meeting. The responsibility for the risk register now falls under the delegation of the Audit, Risk and Finance Subcommittee.
- 4.2 At the 4 December 2014 Governance Committee meeting the following resolution was passed:
- *THAT the report Council Risk register (A1276686) and its attachments (A1241121) be received;*
  - *AND THAT the attached Risk Register be endorsed in principle, including the implementation of the highlighted controls;*
  - *AND THAT a plan for the development of a full risk management framework incorporating this Risk Register be brought to this Committee by the end of this financial year.*
  - *AND THAT the Committee agree the focus is to be on mitigation strategies, noting internal audit and other internal controls will be the priority.*

## **5. Discussion**

- 5.1 Most of the bold italic controls from the December 2014 risk register have been implemented with the remaining ones to be actioned still highlighted in bold italics.
- 5.2 One of the key mitigations was the improvement in the internal audit function. Council is currently recruiting for a Health and Safety Manager, a Risk Analyst and an Internal auditor and it is hoped that these roles will be filled over the next few months.
- 5.3 The risk register has been updated to ensure that all risks have responsibility assigned. The Risk register has also been reviewed to ensure that the risks highlighted in the Long Term Plan are adequately covered.
- 5.4 A new risk relating to external infrastructure failure (power, telecom etc) has been added during the period.
- 5.5 The high level plan for the development of a full risk management framework is also attached but timings will depend on the recruitment of staff to fill the roles highlighted in 5.2 above.

## **6. Options**

- 6.1 The recommendation is to receive the report.

## **7. Alignment with relevant Council policy**

- 7.1 Understanding the risks that Council faces and the mitigations that are in place or that should be considered, allows council to consider the impacts on Council's strategic documents, particularly the Long Term Plan or Annual Plan.

## **8. Assessment of Significance against the Council's Significance and Engagement Policy**

- 8.1 This is not a significant decision under the Council's Significance and Engagement Policy.

## **9. Consultation**

- 9.1 There has been no consultation on the risk register and framework plan.

## **10. Inclusion of Māori in the decision making process**

- 10.1 There has been no consultation with Maori in the preparation of the risk register and framework plan.

Nikki Harrison  
**Group Manager Corporate Services**

**Attachments**

Attachment 1: A1241121 - Risk Register

Attachment 2: A1359808 - Risk management framework plan

Risk Description	Consequences (1-5)	Likelihood (1-5)	Assessed Risk (Consequences x likelihood)	Mitigation Strategies	Consequences (1-5)	Likelihood (1-5)	Residual Risk (consequences likelihood)	Responsibility Initials (eg GMCS, CE, GMI)
<b>POLITICAL</b>								
Reputational damage to Council	4	4	16	<ul style="list-style-type: none"> <li>Interest Register, agenda declaration</li> <li>Risk register, relationship senior staff</li> <li>Communications</li> <li>Standing orders</li> <li>Representation review</li> <li>LGNZ Know How training/inductions training</li> <li>Code of conduct</li> </ul>	3	2	6	Mayor, CE, GM Com Services
Regional Cohesion is threatened and the relationship with TDC and/or MDC comes unstuck	4	3	12	<ul style="list-style-type: none"> <li>Regular meetings – Mayor-Mayor, CE-CE</li> <li>Joint Committee meetings with TDC</li> <li>Clear delegations to Joint Shareholders' Committee</li> <li>Cross boundary work teams (e.g. regional outcomes)</li> <li>Shared services</li> </ul>	3	2	6	Mayor, CE, SLT
The relationship with iwi has difficulties – either with iwi themselves, or with public who fail to understand impact of Treaty Settlement legislation	4	3	12	<ul style="list-style-type: none"> <li>Recognition of statutory requirements</li> <li>Reviewing Kotahitanga and providing opportunities for formal feedback</li> <li>Develop efficient/effective ways for NCC to meet legislative obligations under variety of legislation</li> <li>Resource consent process established</li> <li>Communications</li> <li>Elected Members and staff training</li> <li>Clear mandate from iwi to members for representation</li> </ul>	2	2	4	Elected members, CE, SLT
Central Government imposes changes on Local government through legislation and policy changes <ul style="list-style-type: none"> <li>Relationship</li> <li>Implications of legislative change</li> <li>Local government reform</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Regular meetings Mayor- local MP</li> <li>Informed of proposed changes</li> <li>Membership LGNZ</li> <li>Officers to officials meetings (e.g. through RCEOs)</li> </ul>	2	4	8	Mayor, CE

\* The mitigation strategies in bold italics are controls recommended by the group but not yet in place.

A1241121

Risk Description	Consequence (1-5)	Likelihood (1-5)	Assessed Risk (Consequence x Likelihood)	Mitigation Strategies	Consequence (1-5)	Likelihood (1-5)	Residual Risk (consequence x likelihood)	Responsibility Initials (eg GMCS, CE, GMI)
<b>STRATEGIC</b>								
There is a decline in regional GDP and business performance in Nelson declines	3	3	9	<ul style="list-style-type: none"> <li>Rating Policy</li> <li>Nelson Plan/CBD Enhancements Project</li> <li>EDA and NTT, UN</li> <li>Relationship with Nelson Tasman Chamber of Commerce</li> <li>Business Friendly Council</li> </ul>	3	2	6	Elected members, SLT
Council fails to respond adequately to social or population change occurring more rapidly or differently to anticipated – impact of changing demographics, and potential change in affordability of Council services to residents	4	4	16	<ul style="list-style-type: none"> <li>Using up to date demographics</li> <li>Analysing trends</li> <li>EDA</li> <li>Communication with key stakeholders</li> </ul>	2	2	4	Elected members, SLT
Council fails to deliver projects to Nelson <ul style="list-style-type: none"> <li>on time</li> <li>within budget</li> <li>correct scope</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Clear strategic priorities</li> <li>Adequate resources</li> <li>Procurement policy</li> <li>Prioritising work appropriately to meet Council objectives</li> <li>Preparation of business case for projects</li> </ul>	2	2	4	SLT
EQP Buildings have: <ul style="list-style-type: none"> <li>negative impact on CBD</li> <li>negative impact on cultural economy</li> <li>Loss of events companies</li> <li>Loss of events to other centres</li> <li>Loss of historic heritage</li> <li>Impact on insurance costs</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Demolition consents (need to consider prioritising, best time of year)</li> <li>Council owned properties – Property Asset Review – clarifying future use</li> <li>Nelson Plan</li> <li>Alternative use e.g. pocket park, Bridge St</li> <li>Building owner forum to encourage staged refurb/demo/rebuild</li> <li>Positive relationships assist in securing alternative venues</li> <li>Fast tracked project delivery on targeted venues (e.g. Trafalgar Centre)</li> <li><b><i>Survey of CBD building owners to be undertaken to ascertain issues*</i></b></li> </ul>	2	3	6	Elected members/SLT
Infrastructure fails (or is impacted from climate change/hazards) <ul style="list-style-type: none"> <li>-stormwater/flood protection network; and/or</li> <li>- Transport network; and/or</li> <li>- Wastewater network; and/or</li> <li>- Water supply network.</li> </ul>	5	3	15	<ul style="list-style-type: none"> <li>Asset management plans for each network</li> <li>Comprehensive risk analysis on each utilities plant</li> <li>Continuity plans for each plant</li> <li>Generator</li> <li>Call out systems in place</li> <li>30 year infrastructure strategy developed as part of LTP2015-25</li> <li>Regional lifeline work</li> </ul>	3	3	9	Elected members/SLT

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Risk Description	Consequence (1-5)	Likelihood (1-5)	Assessed Risk (Consequence x Likelihood)	Mitigation Strategies	Consequence (1-5)	Likelihood (1-5)	Residual Risk (consequence x likelihood)	Responsibility Initials (eg GMCS, CE, GMI)
There is a lack of agreed strategic focus within Council leading to not prioritising / rates becoming unaffordable without addressing core community needs	3	4	12	<ul style="list-style-type: none"> <li>Inclusion of demographic, economic analysis and trend identification for long-term decision-making.</li> <li>Articulation of 5 key strategic areas and projects assessed against contribution</li> <li>Long Term Plan process/AMPs</li> <li>Annual Reporting back to the community on what has been achieved against Annual Plan</li> </ul>	2	3	6	Elected members/SLT
Performance of CCOs/CCTOs does not reach potential	4	4	16	<ul style="list-style-type: none"> <li>Statement of Expectations</li> <li>Statement of Intent</li> <li>Joint committee of council presentations</li> <li>SOI process with Joint Shareholders' Committee</li> </ul>	3	3	9	Elected members/SLT
Financial and reputational exposure from funding entities in which Council has an interest, e.g. CCOs, Natureland	4	4	16	<ul style="list-style-type: none"> <li>Tight contracts</li> <li>Relationship management/communications</li> <li>SOI (where applicable)</li> <li><b><i>Review regularly*</i></b></li> <li><b><i>Councillor training on duties as trustees*</i></b></li> </ul>	4	2	8	Elected members/SLT

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Risk Description	Consequence (1-5)	Likelihood (1-5)	Assessed Risk (Consequence x likelihood)	Mitigation Strategies	Consequence (1-5)	Likelihood (1-5)	Residual Risk (consequence x likelihood)	Responsibility Initials (eg GMCS, CE, GMI)
<b>EXTERNAL</b>								
Hazards impact on the city <ul style="list-style-type: none"> <li>Climate change</li> <li>seismic</li> <li>biosecurity</li> <li>weather events</li> <li>pandemic</li> <li>rural fire</li> <li>tsunami</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li>Civil Defence planning</li> <li>Disaster recovery funding</li> <li>Natural Hazards project work, Nelson Plan</li> <li>Insurance/Risk sharing</li> <li>Infrastructure planning</li> <li>LIMS</li> <li>Earthquake strengthening</li> <li>Top of the South biosecurity partnership</li> <li>Regional Pest Management Strategy</li> <li><b>Up to date Business Continuity Plans*</b></li> </ul>	4	3	12	SLT
Financial stability of Council is impacted by external events (GFC, interest rate rises, affordability)	5	3	15	<ul style="list-style-type: none"> <li>Rates cap, Debt cap, Interest rate hedging, Treasury Policy, diversification of funding away from banks</li> <li>Keeping head room, understanding different impacts debt vs opex</li> <li>Identifying and reducing lazy assets (Property asset review)</li> <li>Reducing all unnecessary costs (reducing CCOs)</li> <li>Understanding infrastructure strategy alignment to financial impact (30 year)</li> </ul>	6	2	6	Elected members/SLT
Housing affordability comes under pressure / changes in housing policy from central government incl DCs, RMA policy	3	3	9	<ul style="list-style-type: none"> <li>Housing Trust and Community Housing</li> <li>Nelson Plan – encouraging greater density/growth</li> <li>Building consent fee structure</li> <li>Working with Central Government (Minister's comment Nelson to be priority)</li> <li><b>Development contributions policy*</b></li> <li><b>Housing accord*</b></li> </ul>	2	2	4	Elected members/SLT
Ship grounding, collision, tipping over, marine pollution (navigational safety)	5	2	10	<ul style="list-style-type: none"> <li>Harbour safety management plan in progress</li> <li>Safety procedures and equipment</li> <li>Wreck recovery and Harbour Master Insurance for Council and Port Nelson</li> <li><b>Pursue federation of insurance with Regional Councils*</b></li> </ul>	3	1	3	SLT
Non-Council infrastructure failure (power, telecom incl internet)	3	3	9	<ul style="list-style-type: none"> <li>Emergency planning CDEM and Lifelines</li> <li><b>Business Continuity Planning (BCP)*</b></li> </ul>	3	2	6	SLT

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<b>ORGANISATIONAL</b>								
Not having the organisational capacity right	4	3	12	<ul style="list-style-type: none"> <li>• Appropriate recruiting = the right people</li> <li>• HR Plan</li> <li>• Staff survey for morale and culture</li> <li>• Prioritising projects in face of demographic change (skilled staff scarce)</li> <li>• Constant review of organisational resources and processes</li> <li>• CEE Committee/Relationship with Chief Executive</li> <li>• Elected Member protocols for engagement with staff</li> <li>• Talent framework, including succession planning</li> </ul>	2	2	4	CE
Poor staff actions exposing Council to risk, through <ul style="list-style-type: none"> <li>• Fraud</li> <li>• Conflict of Interest</li> <li>• Disclosure of confidential information</li> <li>• Poor judgment</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li>• Internal controls framework</li> <li>• Interest declaration</li> <li>• Secondary employment approval process</li> <li>• Investment in management and leadership development training</li> <li>• <b>Improvement in internal audit function*</b></li> </ul>	3	2	6	SLT
Health & Safety obligations are not met	5	4	20	<ul style="list-style-type: none"> <li>• Contract management processes</li> <li>• Organisation Health &amp; Safety Committee which CE chairs</li> <li>• H&amp;S training</li> <li>• H&amp;S framework and policies</li> <li>• Regular monitoring of adherence to these policies</li> <li>• <b>Regular reporting to Audit. Risk and Finance Subcommittee*</b></li> </ul>	3	2	6	SLT
Legislative Compliance is not met	3	3	9	<ul style="list-style-type: none"> <li>• Regular training on local government and other relevant legislation</li> <li>• Membership of professional associations, eg SOLGM</li> <li>• Legal review of critical actions, eg striking of rates</li> </ul>	2	2	4	SLT
Council loses Building Control Authority (BCA) accreditation	5	3	15	<ul style="list-style-type: none"> <li>• Regular reporting to Planning &amp; Regulatory Committee</li> <li>• Appropriate resourcing</li> <li>• Process mapping/internal audit</li> <li>• <b>Shared services*</b></li> </ul>	3	2	6	SLT
Technology fails	5	3	15	<ul style="list-style-type: none"> <li>• Water treatment/sewer checks of automated processes</li> <li>• IT steering committee</li> <li>• Contractual support</li> <li>• Backups and backup site</li> </ul>	3	2	6	SLT

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				<ul style="list-style-type: none"> <li>• IT Disaster Recovery plan</li> <li>• IT recovery and capability report completed</li> <li>• Annual recovery tests</li> <li>• <b><i>IT Strategic Plan*</i></b></li> </ul>				
Insufficient/incomplete advice is provided to Council leading to poor decision making	4	3	12	<ul style="list-style-type: none"> <li>• Addressing all matters in the LGA</li> <li>• Reports and resolutions that stand along'</li> <li>• Appropriate background provided</li> <li>• Comprehensive policy direction</li> <li>• Programming reports with sufficient lead-in time</li> <li>• Qualified staff</li> <li>• Participation in continuous improvement initiatives across sector</li> </ul>	3	2	6	SLT

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### Plan for Completion of Risk Framework

Objective	Resources Needed	Output	Likely Completion	Comment
a) Risk Management Policy	Grp Mgr Corp Services Risk Management Analyst (vacant) SLT	Policy Doc (est 4-6 pages)	30-Sep-15	
b) Risk Management Manual	Grp Mgr Corp Services Risk Management Analyst (vacant) SLT	Published Manual V1 (estimate 15-20 pages)	30-Jan-16	
c) Risk Register	Grp Mgr Corp Services Risk Management Analyst (vacant) SLT	Already near completion, needs to reflect above when those are finalised	Ongoing review	