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## NOTICE OF MEETING

**Notice is hereby given of the Meeting  
of the Finance and Projects Committee  
to be held in the Victoria Room, Civic Theatre,  
88 Tay Street, Invercargill on Tuesday 18 June 2024  
at 3.00 pm**

Cr G M Dermody (Chair)  
Mayor W S Clark  
Cr A J Arnold  
Cr R I D Bond  
Cr T Campbell  
Cr D J Ludlow  
Cr I R Pottinger  
Cr L F Soper  
Cr B R Stewart

MICHAEL DAY  
CHIEF EXECUTIVE

## Finance and Projects Committee - Public

18 June 2024 03:00 PM

<b>Agenda Topic</b>	<b>Page</b>
1. Apologies	
2. Declaration of Interest	
a. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
b. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.	
3. Public Forum	
4. <a href="#">Minutes of the Finance and Projects Committee Meeting Held on 21 May 2024 (A5359794)</a>	5
5. <a href="#">LGNZ Annual General Meeting – Proposed Remit Rates Rebate (A5396813)</a>	11
5.1 <a href="#">Appendix 1 - Proposed Remit to LGNZ AGM – Rates Rebate (A5397294)</a>	14
6. <a href="#">Financial Update – April 2024 (A5383322)</a>	16
7. <a href="#">Financial Risk Management Policy Update (A5393905)</a>	23
7.1 <a href="#">Appendix 1 - Financial Risk Management Policy 2024 (A5367910)</a>	25
8. <a href="#">Strategic Capital Projects Report (A5397833)</a>	50
8.1 <a href="#">Appendix 1 – June 2024 Strategic Projects Dashboard (A5398450)</a>	52
9. Public Excluded Session	

**Public Excluded Session**

Moved , seconded that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Minutes of the Public Excluded Session of the Finance and Projects Committee Meeting Held on 21 May 2024
- b) 72 Barrow Street, Bluff – Future Use of Land and Building
- c) CCTV Project Update June 2024
- d) Our Council Programme Update

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>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
a) Minutes of the Public Excluded Session of the Finance and Projects Committee Held on 21 May 2024	<p><b>Section 7(2)(a)</b> Protect the privacy of natural persons, including that of deceased natural persons</p> <p><b>Section 7(2)(i)</b> Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p> <p><b>Section 7(2)(h)</b> Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p><b>Section 48(1)(a)</b> That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p>
b) 72 Barrow Street, Bluff – Future Use of Land and Building	<p><b>Section 7(2)(h)</b> Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p><b>Section 48(1)(a)</b> That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p>
c) CCTV Project Update June 2024	<p><b>Section 7(2)(i)</b> Enable any local authority holding the information to carry on, without prejudice</p>	<p><b>Section 48(1)(a)</b> That the public conduct of this item would be likely to result in the disclosure</p>

	or disadvantage, negotiations (including commercial and industrial negotiations)	of information for which good reason for withholding would exist under Section 7
d) Our Council Programme Update	<p><b>Section 7(2)(h)</b> Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p> <p><b>Section 7(2)(i)</b> Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p><b>Section 48(1)(a)</b> That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p>

**MINUTES OF FINANCE AND PROJECTS COMMITTEE, HELD IN THE VICTORIA ROOM,  
CIVIC THEATRE, 88 TAY STREET, INVERCARGILL ON TUESDAY 21 MAY 2024 AT 3.00 PM**

**Present:** Cr G M Dermody (Chair)  
Cr A J Arnold  
Cr R I D Bond (via Zoom)  
Cr T Campbell  
Cr D J Ludlow  
Cr I R Pottinger  
Cr L F Soper

**In Attendance:** Cr P Boyle  
Mrs P Coote – Kaikaunihera Māori – Awarua (leave at 5pm)  
Mr M Day – Chief Executive  
Mrs P Christie – Group Manager – Finance and Assurance  
Mr R Capil – Group Manager – Community Spaces and Places  
Mr J Shaw – Group Manager - Consenting and Environment  
Mrs H Guise – Property Portfolio Manager  
Mr J Botting – Manager Financial Planning  
Ms S Roberts – Manager Financial Services  
Ms A McDowell – Corporate Analyst  
Mr M Morris – Manager – Governance and Legal  
Ms R Suter – Manager – Strategy and Policy  
Ms L Knight – Manager – Strategic Communications  
Mr G Caron – Digital and Communications Advisor  
Mrs L Williams – Team Leader - Executive Support  
Ms D Hallas – Executive Support

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## 1. Apologies

Cr Stewart and Mayor Clark (for lateness)

Moved Cr Soper, seconded Cr Campbell and **RESOLVED** that the apologies be accepted.

## 2. Declaration of Interest

Cr Arnold noted a conflict with the ICL item and would not participate in this discussion.

## 3. Public Forum

Nil.

#### **4. Acceptance of the Major Late Item in Public Excluded Session**

##### **4.1 Long-term Plan 2024-34 – Rugby Park**

Moved Cr Dermody, seconded Cr Ludlow and **RESOLVED** that the Major Late Items 'Long-term Plan 2024-34 – Rugby Park' be accepted in Public Excluded Session.

**The reason that the items were not in the agenda:** The items were not ready at the time of the publication of the agenda.

**The reason why the discussion of the items could not be delayed:** Matters could be progressed in a timely manner.

**Reason for public exclusion:**

Section 7(2)(i) - Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

#### **5. Minutes of the Finance and Projects Committee held on Tuesday 16 April 2024**

A5311820

It was queried around a report coming back on Te Hīnaki building and when this paper would come back to the Committee. It was confirmed this report would come to the August meeting.

Moved Cr Soper, seconded Cr Arnold and **RESOLVED** that the Minutes of the Finance and Projects Committee held on Tuesday 16 April 2024 be confirmed.

#### **6. Financial Update – as at 31 March 2024**

A5335840

Mr Jaimee Botting and Ms Stephanie Roberts presented the report. Mr Botting noted that the report focused on looking at variances compared to the Annual Plan amounts, currently the operating deficit was higher than Plan. The main variances were due to inflation, interest rates and lower revenue. Within the Employee expenses table now have a net employee line and shows staff time allocated to capital projects.

A query was raised if this was being moved from one budget to another, it was confirmed that this showed where the costs sat and reflected the cost of capital projects.

A query was raised around the page noted other expenses and noted that consultants were running at half the budget and if this was sustainable and reflected in next year's budget. Mr Botting confirmed it was a combination of both. It was added that this had been incorporated into next year's budgets.

A query was raised if the savings were deferrals. It was noted that consultants were generally operational costs and if not required the work was deferred.

A query was raised around the over budget expense for recruitment costs and how many staff had been recruited through agencies. Mr Botting advised he would bring that back to councillors.

A query was raised around payment plans and how many ratepayers were on payment plans, it was confirmed there were 31 properties on payment plans. It was noted this was a slight increase and payment plans were part of the recovery programme.

A query regarding the difference in Honoraria due to a vacancy for a period, and why that was tracking low. Mr Morris confirmed that there was a lag post the by-election and the lag for the work done on Project 1225 and could not be reallocated until a decision had been made and this would show for the rest of the financial year.

Moved Cr Campbell, seconded Cr Ludlow and **RESOLVED** that the Finance and Projects Committee:

1. Receives the report "Financial Update – as at 31 March 2024".
2. Note the current state of Council finances.

## **7. 2023/2024 Quarter Three Performance Update**

A5321282

Ms Rhiannon Suter, Ms Adina McDowell and Mr Jaimee Botting spoke to the report. Ms McDowell noted that there were six measures being watched as risks. It was noted that there had been an increase in customer complaints, this had been due to heavy rainfall earlier in the year. Core services were performing well. Solid waste had seen higher levels of waste and was on track to meet the KPI. Tracking slightly below previous levels for recycling and being monitored closely. Ms McDowell added that there had been an increase in media and education programme around the changes in recycling. The demand for facilities had increased and both Parks and Splash Place were on track to return to pre Covid levels.

Mr Botting noted that a reforecasting process had been undertaken and the deficit was higher than planned, due to interest rates; inflation; reduction in government subsidies lower consents in building and planning meaning a reduction in revenue and the increased cost of insurance. A number of initiatives had been introduced to limit the deficit including a non essential spending and limiting the amount of recruitment and training and looking at Council wide savings.

A query was raised around the deficit and that the figures indicate the increase was over the past few months. Mr Botting noted that \$12.6 million forecast deficit was settled on last month and noted that quarter four was a big period. He added that the NZTA subsidy revenue impacts as well due to a lag in claims.

A query was raised around the funding for Rugby Park and it was confirmed this report had been written prior to the decision made by Council on 14 May 2024. It was confirmed that work was being completed currently and the ground would be available for the Stags to play this season. The decision made on 14 May was around deferral of future spend.

A further query was raised round CCTV and Stage One and if that work would be finished in this quarter, it was confirmed that was the projected finish time. It was confirmed that this project would not be completed in June. A further query was if on track for the expenditure, it was confirmed that this report was at 31 March 2024. It was further queried if the expenditure would be spent by end of June 2024. It was confirmed that the project team had advised that the budgeted expenditure would be spent by end of June but the project would not be completed/delivered. Further clarification was sought and Mrs Christie advised she would investigate and come back to the Committee, in terms of the budget.

A query was raised when would see cameras installed, it was confirmed that staff would bring an update back to the Committee.

A query was raised around the savings and what number might be achieved over the next three months. It was confirmed that would like to see the deficit back to around \$10 million.

A query was raised around the education around recycling and if could measure any changes in behaviour. It was noted that nothing yet but would monitor and come back to the Committee.

It was confirmed that recycling information was presented to WasteNet and could bring back.

Moved Cr Pottinger, seconded Cr Soper and **RESOLVED** that the Finance and Projects Committee:

1. Receives the report "2023/2024 Quarter Three Performance Update" and the 2023/2024 Quarter Three Performance Report (A5359194).
2. Note that 66 of 99 measures (67%) of the levels of service performance indicators are on track to be achieved. This is a minor decrease from 2023/2024 Quarter Two where 68% of measures were achieved. For comparison in Quarter Three of 2022/2023 68% of indicators were on track.
3. There are six measures which are being watched as potential risks and a further 18 measures which have already failed or are very unlikely to be met in 2023/2024.
4. Note 8 of the 19 activities' net operating financial performance were lower than forecast at the end of March 2024.
5. The performance report contains provisional results and these may change as more data is accumulated throughout the year.
6. Note that the draft LTP budget is being prepared based on the position outlined in this report, with a 2023/24 forecast deficit of \$12.6 million as the opening position, rather than the \$9.2 million deficit originally consulted on, and the \$8.4 million forecast in the Annual Plan.

**Recommends to Council:**

7. To note the forecast quarterly changes discussed in detail through the Long-term plan and approve the outlined Schedule of Forecast Changes in the Quarter Three



Performance Report and note the approach the Council are taking to minimise the deficit.

## 8. Public Excluded Session

Moved, Cr Dermody seconded Cr Soper and **RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Minutes of the Public Excluded Session of the Finance and Projects Committee Meeting Held on 16 April 2024
- b) Financial Update – as at 31 March 2024
- c) Investment Property Portfolio Update – May 2024
- d) Invercargill Central Limited Monitoring Report
- e) Major Late Item - Long-term Plan 2024-34 – Rugby Park

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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
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b) Financial Update – as at 31 March 2024	<p><b>Section 7(2)(a)</b> Protect the privacy of natural persons, including that of deceased natural persons</p> <p><b>Section 7(2)(i)</b> Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including</p>	<p><b>Section 48(1)(a)</b> That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p>

- |  |  |  |
|--|--|--|
|  | commercial and industrial negotiations)  |  |
| c) Investment Property Portfolio Update – May 2024       | <p><b>Section 7(2)(h)</b><br/>Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>  | <p><b>Section 48(1)(a)</b><br/>That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p> |
| d) Invercargill Central Limited Monitoring Report        | <p><b>Section 7(2)(h)</b><br/>Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p> <p><b>Section 7(2)(i)</b><br/>Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p> | <p><b>Section 48(1)(a)</b><br/>That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p> |
| e) Major Late Item - Long-term Plan 2024-34 – Rugby Park | <p><b>Section 7(2)(i)</b><br/>Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>   | <p><b>Section 48(1)(a)</b><br/>That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7</p> |

There being no further business, the meeting finished at 4.32 pm.

## LGNZ ANNUAL GENERAL MEETING – PROPOSED REMIT RATES REBATE

<b>To:</b>	Finance and Projects
<b>Meeting Date:</b>	Tuesday 18 June 2024
<b>From:</b>	Michael Morris – Manager - Governance and Legal
<b>Approved:</b>	Michael Day - Chief Executive
<b>Approved Date:</b>	Tuesday 11 June 2024
<b>Open Agenda:</b>	Yes
<b>Public Excluded Agenda:</b>	No

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### Purpose and Summary

As part of the Local Government New Zealand (LGNZ) Annual General Meeting (AGM) councils/ zones are able to propose Remits to help set the direction of work for LGNZ over the coming year.

Dunedin City Council has proposed a Remit on Rates Rebate and is seeking support of councils for this remit to be accepted for consideration at the LGNZ AGM

### Recommendations

That the Finance and Projects Committee:

1. Receive the report titled "LGNZ Annual General Meeting – Proposed Remit Rates Rebate"
2. Agree to **Support/ Not Support** the Proposed Dunedin City Council Remit

### Background

Remits are an important part of the LGNZ AGM as it provides direction for the organisation to works towards each year when advocating to Central Government.

Dunedin City Council have proposed some changes to the Rates Rebate Scheme.

Council is able to support the Remit at this stage to enable it to be considered at the AGM or not.

Council is not bound to support the Remit at the AGM if it is supporting it now (although that would be unusual).

There is no obligation for Council to support this either way.

## **Issues and Options**

### **Analysis**

The proposed Remit is attached to this report.

It proposes to increase the value of Rates Rebates and to have an annual increase in line with the Local Government Cost Index.

### **Significance**

This decision is not significant in terms our policies, the increase to the value of rebates is likely to make a difference to our elderly and vulnerable communities.

### **Options**

As noted above Council can either endorse this proposed Remit and be a supporting Council or can choose not to endorse it and in the event the Remit is part of the AGM, Council will be able to determine a position as part of the LGNZ process.

## **Community Views**

Community views have not been considered at this time as it is LGNZ Policy work at this stage, should the Remit gather enough support and be approved at the AGM then it is likely community views will be considered at a national level.

## **Implications and Risks**

### **Financial Implications**

Rates Rebates are cost neutral to Council as the scheme is financed from the Department of Internal Affairs. Council's costs relate to the administration of the scheme in terms of officers time.

### **Legal Implications**

There are no legal implications from supporting this proposed Remit.

### **Climate Change**

There are no direct climate change implications.

### **Risk**

There are no risk implications.

### **Next Steps**

If Council votes in support of the proposed Remit, this will be communicated to Dunedin City Council and Council's name will be added as a supporting Council.

### **Attachments**

Proposed Remit to LGNZ AGM – Rates Rebate (A5397294)

**Council Proposing Remit:**

Dunedin City Council

**Remit:**

**Rates Rebate**

That LGNZ advocates to central government that it:

- increases the annual maximum rebate to between \$1,000 and \$1,500
- adjusts the rebate amount annually in line with the Local Government Cost Index (LGCI) instead of the consumer price index (CPI).

**Contact Name**

Clare Sullivan, clare.sullivan@dcc.govt.nz

**Who supports the proposed remit**

Dunedin City Council, TBC

**Why is this remit important?**

While the Government has recently announced an increase to both the maximum annual rebate from \$750 to \$790 and the income abatement threshold from \$30,100 to \$31,500, there is still a need to create more equitable rates relief, especially with the economic pressures on local government to provide and maintain critical infrastructure and services that our communities expect along with their ability to pay. Any increase in assistance particularly for people on home-owners on low incomes is welcomed.

**Background and context**

A recent study conducted by the University of Auckland for the Retirement Commission provided an analysis of rates relief schemes in New Zealand. It focussed on rates rebates, postponement and remissions and their impact on homeowners, particularly low-income individuals, Māori, and senior citizens. A copy of the survey is attached. The survey had three key findings:

- while rates rebates are uniformly provided across New Zealand under the DIA legislation, variations may exist in administrative processes such as processing time and submission methods
- rates rebates primarily support low-income homeowners with limited provision for seniors, including those residing in retirement villages. It questioned whether there should be a specific policy for seniors or prioritized
- Rates postponement and rates remissions complement rates rebates there are disparities in availability and distribution.

A5397294

**How does this Remit Relate to LGNZ’s Current Work Programme**

Previous recent remits relating to rates rebates have been accepted at AGMs of LGNZ and is something that fits with the policy and advocacy work on housing

**How will your Council help LGNZ make progress on this remit?**

Dunedin City Council will continue to advocate for a rates rebate model that reflect changes to the cost drivers impacting on councils, which would make rates more affordable for low-income householders who qualify for the scheme.

## FINANCIAL UPDATE – APRIL 2024

<b>To:</b>	Finance and Projects
<b>Meeting Date:</b>	Tuesday 18 June 2024
<b>From:</b>	Jaimee Botting – Manager – Financial Planning Stephanie Roberts – Manager - Financial Services
<b>Approved:</b>	Patricia Christie – Group Manager Finance and Assurance
<b>Approved Date:</b>	Tuesday 4 June 2024
<b>Open Agenda:</b>	Yes

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### Purpose and Summary

The purpose of this report is to provide an update on Council's financial position including, net debt and Treasury update to 30 April 2024.

### Recommendations

That the Finance and Project Committee:

1. Receives the report "Financial Update – April 2024".
2. Notes the current net debt and treasury position.
3. Notes that it has reviewed the sensitive expenditure listing provided.

### Background

This report provides the Committee with an update on key financial issues and areas for Council including the regular reporting of net debt of Council (borrowings and investments) and debt owed to Council (Debt Management) on alternating months.

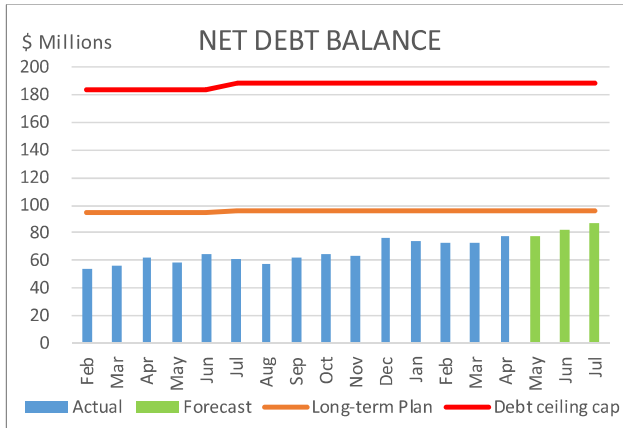
### Issues

#### Net debt and Treasury update

At 30 April 2024, Council had borrowings and other debt of \$133.7 million and cash investments of \$55.8 million. These generated a net debt balance of \$77.8 million. The highlights of Council's net debt position are provided below.

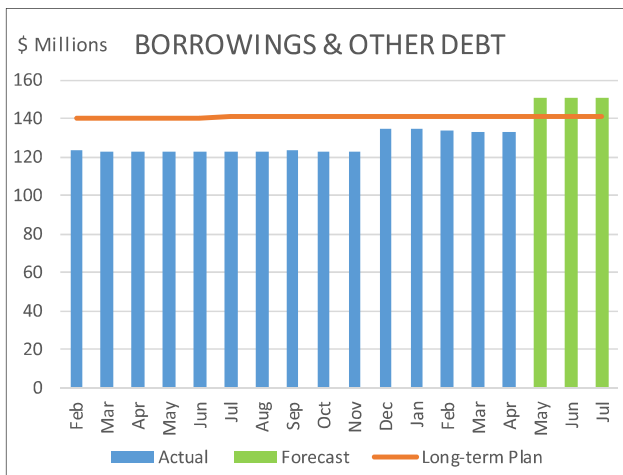


Credit Rating	Net Debt Balance	Borrowings & other debt
<b>AA+</b>	<b>\$78m</b>	\$134m
		LESS: Cash & Cash Investments
		\$56m



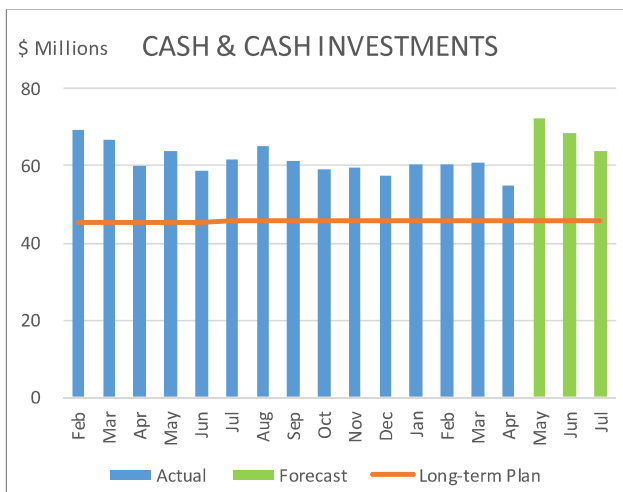
Debt ceiling cap is set at 1.5 times total revenue.

This is to allow capacity to cover any significant expenditure from an extraordinary event in the future.



December 2024: \$10 million raised from LGFA to cover capital expenditure to December 2024

Forecast: A short term advance to Invercargill City Holdings Limited is expected to be outstanding from May 2024 until Oct 2024 (\$18m).



Forecast: A short term advance to Invercargill City Holdings Limited is expected to be outstanding from May 2024 until Oct 2024 (\$18m). During May 2024 a \$12.09 million repayment was received from Invercargill Central Limited, reducing the advance balance. Cash on hand balance varies per month based on payments made and rating revenue received.

**Net Debt Breakdown**

<b>Borrowings &amp; other debt</b>				Note
<b>Borrowings</b>				
<u>Party</u>	<u>Maturity date</u>	<u>Interest rate</u>		
LGFA	27-Jun-24	5.77% Fixed	\$31,230,000	<sup>A</sup>
LGFA	29-Oct-24	5.82% Fixed	\$20,000,000	
LGFA	29-Apr-26	6.00% Floating	\$10,000,000	
LGFA	29-Apr-26	6.51% Floating	\$10,000,000	
LGFA	15-May-28	4.06% Fixed	\$10,000,000	
LGFA	15-Apr-25	1.49% Fixed	\$15,000,000	
LGFA	15-Oct-25	0.59% Fixed	\$8,500,000	
LGFA	15-Apr-26	1.09% Fixed	\$10,000,000	
LGFA	29-Apr-27	2.62% Fixed	\$10,000,000	
LGFA	29-Apr-26	6.73% Floating	\$10,000,000	
Accrued interest payable			\$369,765	
			<b>Total</b>	<b>\$135,099,765</b>
<b>Other debt</b>				
LGFA Borrower Notes			(\$1,772,500)	
Environment Southland - Clean Air Scheme			\$200,000	
Financing Lease - Canon			\$126,848	<sup>B</sup>
			<b>Total</b>	<b>(\$1,445,652)</b>
<b>TOTAL BORROWINGS &amp; OTHER DEBT</b>				<b>\$133,654,112</b>
<b>LESS: Cash &amp; Cash Investments</b>				
<b>Cash and cash equivalents</b>				<b>\$4,209,093</b>
<b>Term Deposits</b>				
<u>Party</u>	<u>Maturity date</u>	<u>Interest rate</u>		
BNZ	28-Apr-25	6.35%	\$4,556,864	
SBS	24-Oct-24	5.90%	\$5,395,166	
WP	27-Jan-25	6.36%	\$4,467,146	
SBS	27-Jan-25	6.36%	\$132,649	
SBS	25-Jul-24	6.50%	\$4,305,546	
Accrued interest receivable			\$462,862	
			<b>Total</b>	<b>\$19,320,233</b>
<b>Other Investments</b>				
Share investments			\$1,042,068	
Loan advances issued - Invercargill Central Limited			\$31,230,000	<sup>C</sup>
Loan advances issued - Other			\$33,573	
			<b>Total</b>	<b>\$32,305,641</b>
<b>TOTAL CASH &amp; CASH INVESTMENTS</b>				<b>\$55,834,967</b>
<b>NET DEBT BALANCE</b>				<b>\$77,819,145</b>

<sup>A</sup> The loan of \$31.23 million is being used to fund the ICL advance investment.

<sup>B</sup> The Council entered into a 5 year finance lease agreement with Canon to supply copier machines

<sup>C</sup> As of 30th of April 2024, the outstanding loan balance advanced to ICC amounted to \$31.23 million. The current lending limit that ICC can extend to ICL is \$31.45 million. During May 2024, \$12.09 million was repaid back to ICC.

<sup>D</sup> During May 2024, \$18 million was advanced to ICHL on a short term investment to assist in ICHL purchase of shares in ICL. This was funded from additional LGFA Borrowings.

### **Sensitive Expenditure**

In accordance with Council's Sensitive Expenditure policy the list of sensitive expenditure for the Mayor, Councillors, Chief Executive and Executive Leadership Team is reported to the Finance and Projects Committee. The table below covers the period from 22 March to 28 May 2024.

Sensitive expenditure is broadly defined in the Sensitive Expenditure Policy and for the purpose of reporting sensitive expenditure is interpreted to include; travel, meals, training and hospitality for Mayor, Councillors, Chief Executive and Executive Leadership Team.

**Sensitive Expenditure**

<b>Cost Centre</b>	<b>Period Expense Recorded</b>	<b>Transaction Amount</b>	<b>Who</b>	<b>Description</b>	<b>Supplier</b>
Chief Executive Office	May-2024	1,354.78	ICC	Southland Charity Hospital RMA - Fee contribution	Invercargill City Council
Councillors	May-2024	99.77	Mayor and Councillors	Council Meeting - Catering	BNZ CC Jan / Feb M Sievwright
Councillors	April-2024	-432.70	Deputy Mayor Campbell	Airfares (credit) - Zone 5 & 6 Meeting, Christchurch	Air New Zealand
Mayor	April-2024	611.48	Mayor Clark	Airfares - Zone 5 & 6 Meeting, Christchurch	Air New Zealand
Councillors	April-2024	652.17	Mayor and Councillors	Anzac Service, Invercargill - Wreaths	Ambrosia Design
Mayor	April-2024	36.09	Mayor Clark	LGNZ Conference, Wellington - Meal	Expense Claim
Mayor	April-2024	49.57	Mayor Clark	LGNZ Conference, Wellington - Taxi	Wellington Combined Taxis
Mayor	April-2024	43.48	Mayor Clark	LGNZ Conference, Wellington - Airport Parking	Invercargill Airport
Mayor	April-2024	51.65	Mayor Clark	LGNZ Conference, Wellington - Taxi	Wellington Taxi
Mayor	April-2024	436.30	Mayor Clark	LGNZ Conference, Wellington - Airfares	Air New Zealand
Mayor	April-2024	1,427.17	Mayor Clark	Public Meeting - Youth Crime, Invercargill - Event Costs	Invercargill City Council
Mayor	April-2024	385.50	Mayor Clark	Citizenship Ceremony, Invercargill - Event Costs	R & R Trading
Councillors	March-2024	62.61	Mayor and Councillors	Council Meeting - Catering	Charlies Kitchen
Councillors	March-2024	68.17	Mayor and Councillors	Council Meeting - Catering	Charlies Kitchen
Mayor	March-2024	49.83	Mayor Clark	Zone 5 & 6 Meeting, Christchurch - Meal	Expense Claim

Finance and Projects Committee - Public - Financial Update – April 2024 (A5383322)

Councillors	March-2024	387.60	Darren Ludlow	Alcohol Hui, Dunedin - Mileage	Expense Claim
Mayor	March-2024	119.48	Mayor Clark	Zone 5 & 6 Meeting - Airport Parking	Invercargill Airport
Chief Executive Office	April-2024	3,186.25	Mayor and Councillors	Invercargill Airport - Signage Tim Shadbolt	Naked Creative

### **Next Steps**

Council's net debt position will continue to be monitored with the next update due in August 2024.

### **Attachments**

Not applicable.

## FINANCIAL RISK MANAGEMENT POLICY UPDATE

<b>To:</b>	Finance and Projects
<b>Meeting Date:</b>	Tuesday 18 June 2024
<b>From:</b>	Rhiannon Suter, Manager – Strategy, Policy and Engagement
<b>Approved:</b>	Patricia Christie - Group Manager - Finance and Assurance
<b>Approved Date:</b>	Thursday 6 June 2024
<b>Open Agenda:</b>	Yes

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### Purpose and Summary

An update to the Financial Risk Management Policy is required in order to include a section on elected members allowances in line with a recommendation from the Remuneration Authority,

### Recommendations

That the Finance and Projects Committee:

1. Receive the report "Financial Risk Management Policy Update".
2. Note the proposed inclusion of a section on elected members allowances and that consultation is not recommended.

### Recommendation to Council

3. To adopt the Financial Risk Management Policy 2024 as attached (A5367910).

### Background

The Financial Risk Management Policy was adopted in August 2023. It guides Council across a range of areas including Sensitive Expenditure, Koha, Gifts and Benefits, Credit Card Management, Fraud and Debtor Management.

Elected Members Allowances are dealt with each year through Council resolution and through this policy. While our approach is adequate, for clarity the Remuneration Authority have recommended the inclusion of a specific section within this policy.

Section 3.6 has been added:

### ***Elected Members Allowances***

Council will pay elected Members such allowances as may be set from time to time by the Remuneration Authority in its Determinations.

This change is technical, does not affect practice and as such is assessed as low significance. Consultation is not recommended.

### **Next Steps**

The updated policy will be added to the website and to Councillors Resource Centre.

### **Attachments**

Financial Risk Management Policy 2024 (A5367910)





# Financial Risk Management Policy

July 2024



# Financial Risk Management Policy

Effective July 2024

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## Introduction

This policy provides direction to Invercargill City Council (Council) Elected Members (as defined in the Invercargill City Council Code of Conduct) and staff on financial management and processes related to:

- Sensitive Expenditure
- Koha
- Gifts and benefits
- Credit Card management
- Fraud
- Debtors' management

The policy may be expanded in the future to include a wider number of relevant policies as such policies are reviewed and updated in due course.

## Scope

For the avoidance of doubt, all aspects of this policy apply in full to both Elected Members and staff, unless otherwise stated.

As defined in the Invercargill City Council Code of Conduct, Elected Members includes those individuals declared to be elected to the Invercargill City Council as a Community Board Member, Councillor, or Mayor, and also appointed members to Council's Committees (for example, Mana Whenua Representatives, appointed members to the Risk and Assurance Committee, and appointments to any other Council Committees or sub-committees). Elected Members must at all times act in accordance with the Invercargill City Council Code of Conduct.

Staff includes all employees of Invercargill City Council and, unless expressly agreed otherwise in writing, this policy also applies to volunteers and contractors engaged in Council business. Staff must at all times act in accordance with the staff Standards of Conduct.

The phrase "Council Representative" is used in this policy to refer collectively to the above groups of people.

## Purpose

This policy has been developed to consolidate and update the existing suite of policies relating to financial risk management, to ensure they reflect current good practice, to introduce new policy where appropriate, and in particular to address the following areas of financial activity:

1. Sensitive expenditure: to manage all instances of sensitive expenditure by Council in order to reduce risk and align with recommended standards.
2. Koha: to provide a guide for the giving of koha in a manner which is culturally appropriate, and to promote transparency.
3. Gifts and benefits: to provide guidance around the giving and receiving of gifts, benefits, and hospitality in connection with Council business.
4. Credit card management: to ensure consistency and good governance in the use of credit cards by authorised users.
5. Fraud: to provide a process for the appropriately handling of cases of suspected fraud or corruption.
6. Debtors' management: to maximise cashflow and the collection of debt while managing debtors fairly and equitably.

It is at all times the intention of Council to operate in a manner which is fair, reasonable, and transparent, and mindful of our obligations towards ratepayers and the public.

## Common Definitions

The following terms have these meanings throughout this policy:

<b>Benefit</b>	Non-tangible item of value offered over and above employment or contractual entitlements. It may include items such as sponsored travel, hospitality, loyalty bonus points, discounts, preferential treatment, invitations to events, cash, gift cards, and items that may be readily converted to cash.
<b>Conflict of Interest</b>	Any situation in which private interest, or personal considerations, may affect an individual's judgement/ability to act prudently, impartially, ethically, or in direct relation to Council's corporate business.
<b>Corruption</b>	Corruption is the lack of integrity or honesty (especially susceptibility to bribery) or the use of a position of trust for dishonest gain. See further section 5.
<b>Council</b>	Means Invercargill City Council.
<b>Council Representative</b>	A Council Representative includes: <ul style="list-style-type: none"> <li>• Employees.</li> <li>• Elected Members (as defined in the Invercargill City Council Code of Conduct).</li> <li>• Any contractor or consultant who agrees to be covered by this Policy under the terms of their engagement.</li> <li>• Temporary staff supplied through an agency.</li> <li>• Seconded personnel.</li> <li>• Volunteers.</li> </ul>

<b>ELT</b>	Means the Executive Leadership Team
<b>Fraud</b>	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. See further section 5.
<b>Gift</b>	Tangible item of value offered over and above an employee's normal salary or employment entitlements. It may include items such as alcohol, food, flowers, electronic devices, kitchen equipment, books, and hampers. See further section 3.
<b>Hospitality</b>	The provision of meals, refreshments, and entertainment. Hospitality is a gift/benefit. It includes modest meals such as sandwiches, restaurant meals, coffee and tickets to events and functions, such as the movies, sporting events, awards nights, and the theatre. See further section 3.
<b>Justifiable Business Purpose</b>	<p>A justifiable business purpose is one that furthers the council's business, relationships and interests. Employees must be able to identify and, if necessary, explain the purpose.</p> <p>Examples of where gifts or hospitality may have a justifiable business purpose are:</p> <ul style="list-style-type: none"> <li>• Being invited to a business networking event</li> <li>• Being hosted, and the host offers an employee a small token of appreciation.</li> </ul> <p>If it may be unclear on whether there is a justifiable business purpose or not, an employee must:</p> <ul style="list-style-type: none"> <li>• Err on the side of caution</li> <li>• Contact either People and Capabilities or their Manager</li> </ul> <p>When an employee has clarified whether there is a justifiable business purpose, accept or refuse as appropriate, and declare the gift or hospitality. See further section 3.</p>
<b>Koha</b>	<p>Unconditional gifts, given and received within a Te Ao Māori context, which do not have taxation implications. Payments are not koha if they have taxation implications, such as:</p> <ul style="list-style-type: none"> <li>▪ A payment for personal services- this creates an employer/employee relationship and as a result PAYE must be deducted;</li> <li>▪ A payment for the provision of services or a fee for services- this is a business transaction, and the payment is treated by the Inland Revenue Department as taxable income to the beneficiary (e.g. guest speaker at a hui, volunteer or student helper, etc.);</li> <li>▪ Any payment that is not an unconditional gift- all such payments are assessable for tax in one form or another (e.g. payment to a marae for venue hire and catering supplied).</li> </ul> <p>See further section 2.</p>
<b>Misuse of Resources</b>	<p>This term is used to describe behaviour beyond what we would consider as fair and reasonable, and this behaviour, if proven, could reasonably be seen as serious misconduct:</p> <ul style="list-style-type: none"> <li>• Claiming reimbursement for privately incurred expenses or</li> </ul>

	<p>doubtful business related expenses.</p> <ul style="list-style-type: none"><li>• Committing Council to pay for purchases which could be seen as borderline or as doubtful business expenses.</li></ul> <p>See further section 5.</p>
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## Approvals

Where approval is required for any expenditure, the following hierarchy of authority applies:

- For Council Group Managers: the Chief Executive
- For all other Council staff, including volunteers and contractors: the relevant Group Manager
- For the Chief Executive: the Mayor
- For all Elected Members: the Chief Executive
- For the Mayor: the Chair of the Risk and Assurance Committee.

## Overview

For ease of use, this policy is divided into six numbered sections. The scope of each section is clearly noted. This policy is supported by a number of procedures which may be updated from time to time. These are held by the relevant managers.

This policy will be published on [icc.govt.nz](http://icc.govt.nz) and copies will be available on request from Te Hīnaki Civic Building.

## Monitoring and Auditing

This policy will be monitored by the Group Manager Finance and Assurance, reporting to the Finance and Projects Committee (or its successor) where necessary. This policy is to be reviewed every three (3) years. The Group Manager Finance and Assurance has the delegated authority to update this policy from time to time to reflect changes in procedure.

## Associated Documents

The policy should be read in conjunction with Council's:

- Code of Conduct (A4062310)
- Conflicts of Interest Policy (A3908351)
- Motor Vehicles Policy (A3810961)
- Staff Recognition Guidelines (A170634)
- Standards of Conduct (see Employee Handbook)



## SECTION 1. SENSITIVE EXPENDITURE

### 1.1. Meaning

Sensitive expenditure is any spending by Council that could be seen to be giving some private benefit to Council Representatives, or which could be considered unusual for Council. Such expenditure will normally have one or more of the following attributes:

- Results in an actual or perceived private benefit;
- May be an unusual expenditure item for Council;
- Does not directly/clearly align with Council's core business purposes;
- Is likely to be difficult to justify to the public.
- May involve, or generate, an ethical or legal conflict of interest;
- May be considered an extravagant or immoderate expenditure.

Examples of sensitive expenditure include but are not limited to:

- Accommodation
- Travel expenses including parking
- Meals
- Hospitality

### 1.2. Principles

In authorising, incurring, or reimbursing sensitive expenditure, Council Representatives are required to strictly comply with the following core principles:

- To act with integrity and give regard to maintaining public confidence in Council, at all times.
- All decisions on sensitive expenditure must be:
  - Justifiable (directly and clearly aligned with, or linked to, Council's corporate objectives and business purpose);
  - Impartial (based on objective criteria);
  - Transparent (openly disclosing the expenditure, willing to explain any spending decision and have such decision reviewed);
  - Principled (exercising power in a manner true to the values, purpose, and duties for which that power is held);
  - Moderate/conservative (reasonable cost options are preferred over more expensive ones);
  - Properly authorised.
- Except in relation to the exemption list held by the Finance Team (Axxx), pre-approval in the form of a Purchase Order is required for all sensitive expenditure.
- All sensitive expenditures must be documented in accordance with the procedures outlined in the present policy.

### 1.3. Responsibilities

Compliance and familiarity with the provisions and principles outlined in the present policy is an organisation-wide responsibility. The Mayor, Chief Executive, and Executive Leadership Team shall ensure that:

- the core principles are systematically incorporated into Council's organisational culture,
- regular training on relevant processes and norms is provided to all parties subject to the policy,

- new joiners are given the information as part of their general on-boarding,
- the policy is prominently available to Council Representatives.

## 1.4. Transparency Measures

Regular reporting on sensitive expenditure is to be made to the Finance and Projects Committee.

Valid, original GST-compliant invoices/receipts and other supporting documentation must be maintained/submitted for all sensitive expenditure. Credit card statements do not constitute adequate documentation for reimbursement. Expenditure under \$200 requires supporting documentation (usually a receipt) but this needn't be a full GST receipt.

Where it is not clear from the documentation, all claims must clearly state:

- the business purpose of the expenditure
- who incurred the cost and
- a list of who the expenditure was for

Items of expenditure that may not be justified under the principles of this policy should not be included as part of an employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

## 1.5. Reimbursement outside of pre-approval

Where approval for giving koha is required, refer to section 2 of this policy for further details.

If obtaining pre-approval is not practical, a detailed explanation of the circumstances must be attached to the invoice when submitted for payment. Council may not reimburse a claim if it does not comply with the principles of sensitive expenditure. Council Representatives should bear in mind that reimbursement is not guaranteed without pre-approval.

Any claims for reimbursement must be submitted promptly.

## 1.6. Travel and Accommodation

### 1.6.1. Virtual Attendance

If virtual attendance at a meeting or conference is an option then this should be considered. However Council acknowledges that this will not be appropriate or desirable in every case.

### 1.6.2. Air Travel

Air travel is to be booked at the earliest convenience to ensure the lowest cost, where applicable. Pre-approval is to be sought. Air travel is permitted to destinations within New Zealand and Australia. International travel to destinations beyond Australia requires the approval of Council.

In undertaking any air travel, economy class must be the first choice. In general, air travel with either business class or first class is prohibited, except in rare and exceptional

circumstances where a clear, urgent, and direct link to Council's business purpose exists. In such cases prior permission from the relevant authority is required.

#### 1.6.3. Airline Loyalty Reward

Provided the use of carriers supplying air points does not result in Council incurring additional costs, air point rewards accruing to Council Representatives carrying out their official duties may be kept by them.

#### 1.6.4. Accommodation

The maximum amount permissible for the purpose of accommodation booking is \$300 per night (including GST), where practicable. In choosing accommodation, the most cost-effective option is to be sought, given the circumstances. Where a preferred providers list exists, this must be used first. Where the cap is to be exceeded, an explanation must be submitted to the authorising party for pre-approval.

Additional entertainment or other sundry expenses will not be reimbursed. The cost of alcoholic beverages, including minibar expenses, will not be reimbursed. Such costs must also not be charged to the room. Cost of services essential to conducting Council business, such as Wi-Fi service, will be reimbursed.

Where an individual chooses to stay in private accommodation while on Council business, a reimbursement/gift to the host, up to the value of \$60 per night, may be given if pre-approval has been obtained.

#### 1.6.5. Meals and Beverages

Meal and beverage costs will be met on a fixed *per diem* basis of up to \$85 per day.

#### 1.6.6. Rental Vehicles

Rental vehicles are only to be used if it is impractical and/or inefficient to use a Council vehicle. In choosing a rental vehicle, the most economical and appropriate type and size of vehicle consistent with the requirements of the travel must be selected.

Where practicable, public modes of transport (e.g. buses, shuttles, etc.) are to be used. Individuals on Council business may use taxis, or rideshare alternatives, where it is cost-effective to do so. Receipts must be kept for all taxi or rideshare journeys. All use of taxi cards/chits are to be transparent with the purpose of each trip recorded on the account.

For provisions on use of Council vehicles, fuel cards, or personal vehicles while on Council business, refer to Council's Motor Vehicle Policy.

#### 1.6.7. Tipping

Tipping within New Zealand will not be reimbursed. Appropriate and moderate tipping during international travel will be reimbursed only where tipping is an established local practice (e.g. in the United States).

#### 1.6.8. Private Arrangements and Stopovers

Council Representatives may undertake private travel before, during, or at the end of Council business travel if proper authorisation is obtained, and if there is no additional cost to Council.



All additional costs that such private arrangements may incur must be covered by the individual.

Travel costs for accompanying spouses, partners, or other members of the family will not be reimbursed, unless in rare and exceptional circumstances where such attendance would directly relate to Council's business purpose. In such instances, pre-approval must first be obtained from the relevant authorising party. Council may seek reimbursement for any additional costs which arise as a result.

#### 1.6.9. Entertainment and Hospitality Expenditure

Hospitality practices are to serve a clear business purpose, and may be used for:

- Relationship building
- Representing Council
- Recognising significant business achievement
- Reciprocity of hospitality, if direct and clear business purpose exists.

In incurring and approving hospitality expenditures, special attention is to be paid to the principles of justifiability, moderation, and financial conservatism. All such expenditure must be appropriately pre-approved, where possible, and clearly and appropriately documented the information below:

- Date
- Venue
- Costs
- Recipients
- Benefits derived
- Reason for the event

### 1.7. Goods and Services Expenditure

#### 1.7.1. Disposal of Surplus Assets

The disposal of assets must be conducted in a manner that maximises return/benefit to Council. Any asset to be disposed of is to be valued on the open market. It is however recognised that there will be situations in which the time and cost involved in obtaining a valuation will outweigh the value of the asset, in which case this may be dispensed with.

The disposal of assets to Council Representatives must be approved by the Chief Executive. Approval may be given provided that assets are not sold at a discounted rate if a greater value could be realised by an alternative method of disposal.

Where Council is unable to sell or find alternative use for its assets, it is recognised that the more sustainable solution is to offer such assets to community groups or Council Representatives as opposed to physical disposal (e.g. via landfill). The Chief Executive's approval is required for such disposal.

#### 1.7.2. Private Use of Council Assets

Generally speaking, Council owned assets are not to be used for personal or private use. The only exceptions to this are:

- Where otherwise agreed by contract (including in employment agreements)
- With the prior approval of the Chief Executive or a member of ELT

- To a reasonable extent with regards to communications technology, where this doesn't negatively impact the business of Council
- With regards to printers, which may be used for private purposes provided this is recorded. Reimbursement for such use may be sought.

#### 1.7.3. Council Use of Private Assets

Any reimbursement of Council usage of private assets must be pre-approved according to the hierarchy outlined under "Approvals" above. In assessing the request, the authorising party is to pay particular attention to the principles of justifiability, integrity, and impartiality.

Individuals must not approve or administer payments to themselves for Council's use of their private assets.

#### 1.7.4. Private Use of Council Suppliers

Council generally does not support staff obtaining goods or services from a supplier through Council's discounted prices, or through Council's procurement process.

An exception to the rule is where discounted offers are available to all Council staff.

### 1.8. Other Types of Sensitive Expenditure

#### 1.8.1. Clothing

Other than official uniforms and health and safety-related clothing, staff will not be clothed at Council's expense when they are engaged in a normal business activity.

#### 1.8.2. Financial Social Club Activities

The Council may make a prudent and conservative financial contribution to Council Staff Social Club. The contribution may be in the form of an all-purpose grant towards the club's annual budget, or it may be a grant or subsidy for a specific event.

#### 1.8.3. Sponsorship of Staff or Others

Approval for sponsorship (including contra deals) is at the sole discretion of the Chief Executive or relevant Group Manager, for the purpose of achieving publicity for Council or its objectives, or for the purpose of organisational development. The decision must be fully compliant with the principles of this policy.

#### 1.8.4. Farewell and Retirement

For provisions on farewell and retirements of employees, see Staff Recognition Guidelines (A1170634).

#### 1.8.5. Failure to Comply

Failure to comply with the provisions of the policy may result in disciplinary action, proceedings under the Code of Conduct, and or may constitute an instance of fraud.

## SECTION 2. KOHA

### 2.1. Principles

Council recognises that it is necessary and appropriate to give koha from time to time. Council Representatives are to apply the following principles to all koha given:

- Koha will only be given as an unconditional gift, given and received within a Te Ao Māori cultural context;
- Koha can be used for any reasons that align with the purpose and definition of this policy; and
- The amount and type of koha will be appropriate to the occasion and relationship (see guidelines below)

### 2.2. What is koha?

Koha is a Māori customary practice, concept and process and is an extremely important part of Māori culture. Koha is considered a treasure by Māori and may be either tangible or intangible. It can be a physical thing such as food, money, reciprocal activity, certain rights and privileges to resources, land, heirlooms, treasured items, or an intangible thing like a vision, thought, feeling, emotion, supernatural manifestation, concept, or idea.

Because koha is imbued with spirituality and cultural beliefs and practices, there is no clear-cut English translation and it has often wrongly been interpreted as a gift. The giving of koha acts to seal a relationship and is part of the protocol of reciprocation. To minimise any likelihood of causing offence through misunderstanding, it is incumbent upon those involved in giving koha to develop an in-depth understanding and empathy of the concept.

Koha is a 'Tikanga Māori' which means, according to the Resource Management Act 1991, a customary value and practice. In Section 39 part (2)(b) it states Tikanga Māori should be recognised where appropriate. Koha is also a Taonga which, according to the Resource Management Act 1991, means something that is highly prized. Article 2 of the Treaty of Waitangi acknowledges the term 'Taonga'. This acknowledgement confirms and guarantees the full, exclusive and undisturbed possession of taonga to Iwi and Hapu. Therefore in certain situations it is up to Iwi and Hapu to declare when koha might be considered as Taonga.

Non-monetary examples of koha might include taonga, e.g. greenstone, carvings, kai (food), or resources readily available to Council (e.g., Staff time and expertise, use of vehicles, facilities or equipment).

### 2.3. Exclusions

Koha is not a payment for services that an individual or group has provided to or on behalf of Council, where terms or scope of activities are agreed in advance of the services being delivered.

Payments which are not considered koha will be managed in accordance with the sensitive expenditure policy above.

## 2.4. Deciding if koha is appropriate

In all instances, and especially if there is any doubt, it is good practice to consult directly with a Mana Whenua representative regarding the giving of koha.

Koha is very dependent on the circumstances, including the occasion, the recipient and the location. The following examples can be used as a rough guide.

It is usually appropriate to give koha when:

- Council Representatives attend a gathering representing the Council, on a marae that involves a powhiri or welcome.
- Council Representatives attend a gathering representing the Council at a building that accommodates a Runaka or Iwi Authority and involves a powhiri or welcome.
- Attendance by Council Representatives representing Council at a tangihanga held on a marae or in a private home.
- To any Kaumatua and Kuia or group supporting Council at any function involving a Whakatau or Powhiri.

It is unlikely to be appropriate for Council to give koha when a Council Representative is:

- Attending any hui as an individual not representing Council
- Attending a regular meeting held at a marae
- Attending informal or ongoing discussions between staff and iwi representatives about a Council matter.

If you are not representing Council you may still choose to personally contribute koha.

## 2.5. How to give koha

Again it is good practice to consult with a Mana Whenua representative to ensure that it is given in a way that is appropriate for the occasion.

## 2.6. Request for koha

Requests for koha are to be made in writing to Council Finance team and are approved by the Group Manager of the requesting activity/department. Requests should include an explanation of the circumstances and an acknowledgment of receipt where relevant.

Details of all koha provided will be recorded in the Koha Register [add A number when known] maintained by the Council Finance team. In accordance with guidelines from the Office of Auditor General, it will specifically note the following details:

- Description of the occasion;
- That koha is approved in advance, at an appropriate level of authority; and
- That koha is clearly documented with the date, amount, description, and purpose clarified.

Preferred method of payment for koha will be via direct credit payment (remittance advice will be provided) or cash if more appropriate.

A retrospective reimbursement for koha already paid needs to be pre-approved by the Chief Executive as it was given in cash.

Any upcoming hui should be planned in advance where possible, and koha requested as per normal process set out above.

If payment is to be made in kind by providing a voucher or gift, this will be considered sensitive expenditure to be managed in accordance with the section of the policy above.

## 2.7. Receipt of koha

Koha offered to any Council Representative should be recorded in the Koha Register. Generally speaking, koha in the form of cash cannot be accepted, but other koha may be if it is of inexpensive monetary value. Larger or more significant koha may be accepted but this requires the approval of the Chief Executive or Council.

## 2.8. Guidelines for koha

These examples are provided as broad guidance only. They are not prescriptive. Many things affect what is the appropriate amount of koha, including financial prudence, the cultural imperative of generosity, and the status and mana of those involved. Please refer to Mana Whenua representatives for further guidance.

**Example 1** A Council department is invited for a noho marae (overnight stay). The marae does not ask for a fee. This is clearly a case where koha should be given. Estimate the cost of meals and accommodation per person, and add a 'top up' in acknowledgement of hospitality.

**Example 2** Two councillors and four staff hold a hui on the marae with local people about the preparation of a plan. The hui lasts four hours and lunch is served. Council gives a koha of \$200, plus any additional costs associated with lunch.

**Example 3** A respected kaumatua, dies. A group of councillors and staff pay respects on behalf of the Council at his tangi. Council gives a koha of \$300.

**Example 4** Council decides it would like to hold a Treaty of Waitangi training workshop on a marae. The marae charges a fee for hire of the venue. Council pays the fee, and also gives a koha of \$150 in appreciation of the hospitality shown.

**Example 5** Council is holding a citizenship ceremony and has invited a school group to perform waiata during the ceremony. Council gives a Koha of \$300.

## **SECTION 3. GIFTS AND BENEFITS**

### **3.1. Exclusions**

This policy does not apply to gifts given between Council Representatives, genuine personal gifts, or benefits from friends and family which have no connection to the recipient acting within the scope of their employment or contractual relationship with Council.

### **3.2. General Principles**

Council Representatives must:

- Declare all gifts, benefits or hospitality (whether accepted or not) to their Manager or the Chief Executive (as appropriate) and ensure that every item is recorded on the gift register or the publicly available Register of Interests (as applicable).
- Not accept any gift where there is a conflict of interest (perceived or actual).
- Protect Council's reputation and consider how the acceptance or giving of a gift would look to a third party.
- Never accept or give gifts of cash, or cash like gifts or benefits (except in accordance with section 2 of this policy).
- Only accept or give gifts, benefits or hospitality when there is a justifiable business purpose for Council.
- Be prudent when spending money on gifts.
- Where possible, only consider accepting gifts up to the value of \$50 (per individual recipient), and hospitality of a value estimated around \$85 (per individual recipient), providing all criteria of this policy have been met.

### **3.3. Ethics and Overarching Framework**

Council is obliged to safeguard and use its resources in a responsible manner. Furthermore, Council Representatives must guard against actual or perceived conflicts of interest in regard to the use of those resources.

Council expects all Council Representatives involved in making or approving expenditure on, or receiving on behalf of Council, gift or benefits:

- To do so only for Council purposes.
- To exercise professionalism.
- Not to derive personal financial gain.
- To act impartially.
- To ensure that expenditure is moderate and conservative in the context of the given situation.
- To have read and adhered to this and other relevant Council policies.

### **3.4. Receiving Gifts, Benefits, and Hospitality**

Any gift, benefit, or hospitality offered to Council Representatives must be declared through the relevant reporting process. If Council Representatives are unsure about the application of this policy, they should seek advice from their Manager or the Chief Executive, as

appropriate, in the first instance. Examples of acceptable gifts, benefits, or hospitality to receive (if declared) are:

- Gifts openly distributed by suppliers and clients (e.g., pens, badges, and calendars).
- Gifts of a perishable nature (e.g., bouquets, baked goods less than \$50).
- Gifts of nominal value (i.e., less than \$50).
- Hospitality of a value estimated around \$85.
- Tickets to sporting or cultural events.

The following must not be accepted and should be declined where possible:

- Cash or cash-like gifts or benefits (except in accordance with section 2 of this policy).
- Hospitality where there is a reasonable expectation that it will have value considerably greater than \$85.
- Any gifts from a prospective supplier where you are part of the procurement process.

If a prohibited gift cannot be declined without giving offence to the donor, or is not offered in person (e.g., sent via mail), this should be declared through the reporting process and provided to the relevant Group Manager and is the property of Council, unless and until the ELT decide how the gift will be treated (e.g., donated, shared among employees or retained by the employee).

Any prizes received from a free competition entry obtained while undertaking Council business are to be declared and, if they are less than \$50 in value, may be kept by the individual, otherwise they are the property of Council unless and until the ELT decide how the gift will be treated. Where receiving a prize could be perceived as inappropriate, even if Council rather than the individual would benefit from it, the prize should be declined.

Under no circumstances can gifts be exchanged for cash nor can goods, works and/or services be received, or seen to be received, by employees, their partners or family for private use.

### 3.5. Giving Gifts or Benefits

Authority is to be sought from the relevant person (refer to the Approval section above) prior to the purchase of gifts or benefits. Approval should only be given when the approver is satisfied that all the criteria of this policy are met and the expenditure is within pre-approved budgets. The giving of koha is to be managed in accordance with section 2 of this policy.

Refer to Invercargill City Council Staff Recognition Guidelines for details relating to long service, leaving Council and special occasion/sympathy gifts including births, engagements, weddings, etc.

If a Manager is in doubt as to whether the proposed gift or benefit is appropriate in a Council context, and is not covered by this policy or the aforementioned guideline, they should consult the Chief Executive.

Council Representatives who consider there are grounds for enquiry in to inappropriate expenditure may advise their Manager or the Chief Executive immediately. Alternatively, disclosure may be made under the Protected Disclosures (Protection of Whistleblowers) Act 2022.

Specific guidance will be provided to employees in higher risk roles relating to discretionary decision making and procurement.

### 3.6. Elected Members Allowances

Council will pay elected Member such allowances as may be set from time to time by the Remuneration Authority its Determinations.

### 3.7. Wellbeing and rewards

From time to time Managers may wish to provide gifts to staff as a wellbeing initiative or as a reward for exceptional work. In such instances, the gift may be in the form of a ticket, voucher, gift card, or discount for any Council run facility, venue, or event. Authority for this is to be sought from the relevant Group Manager, and the gift must be recorded on the gifts register.

### 3.8. What you need to know

How do I declare a gift, benefit or hospitality?	All gifts, benefits and/or hospitality must be declared through the gift declaration process and entered onto the gift register. The gift register is available to the public via LGOIMA (Local Government Official Information and Meetings Act 1987).
Do I need to declare if a supplier buys me a coffee?	Coffee and other tokens - low value business courtesy items such as convention pens and water bottles are generally fine to accept. Whilst you do not need to declare these nominal valued items, you need to consider that even accepting an inexpensive gift can call your integrity into question if it is offered or accepted in secret, or occurs on a regular basis. If in doubt, declare it.
Do I need to declare if a supplier offers me a benefit, like a discount?	You should never accept any benefit offered to you, other than those benefits and discounts which are common to all Council employees (these can be found on Kermit).
Do I need to declare if I have been offered tickets to an event?	You need to declare all free tickets, whether you choose to accept them or not.
What should I do when a person or organisation awaiting a decision, or who I am likely to be in a decision-making role with, gives me a gift?	Politely decline the gift. Explain that Council Representatives do not accept gifts or hospitality that may give the impression that favour will be shown to the giver in decision-making. If you are uncomfortable with any offer made to you, it is a requirement to pass this on to your Manager/Group Manager/Chief Executive, as appropriate.
A customer gives me a thank you gift - should I accept it?	You can accept a thank you gift like a box of chocolates or other small gift. Remember to declare the gift on the gift register.

### 3.9. Council Bottom Line Expectations

Council Representatives must not:

- Accept a gift of cash of any amount or cash equivalents, such as gift vouchers or money cards, at any time, except in accordance with section 2 of this policy.
- Accept a gift or hospitality where there is no justifiable business purpose.
- Accept a gift, benefit, or hospitality which may be seen as inappropriate.



Breaches of this policy and above expectations will be viewed very seriously and treated as misconduct under Council's Code of Conduct, staff Standards of Conduct and the Discipline and Procedural Fairness Policy.

## **SECTION 4. CREDIT CARD MANAGEMENT**

### **4.1. Eligibility for and Issue of the Council Credit Cards**

Council may issue credit cards to staff to enable them to undertake the payment of services required as part of their Council activities. In exceptional circumstances, Elected Members may be issued credit cards in relation to their official duties, for instance as part of international travel on Council business.

The Chief Executive is responsible for authorising the issue of credit cards. Group Managers recommend to the Chief Executive where the issue of a credit card is appropriate.

The Council Finance team shall issue credit cards and shall keep a list of cards issued, their maximum credit level, and cards' expiry dates.

Council credit cards are to be returned to Council Finance team upon termination of employment, or at the conclusion of the purpose for which they were issued. In relation to staff, any personal transactions, or transactions which have a personal content, are to be identified and payment made prior to employment ceasing.

Where a credit card has been lost or stolen the card holder must inform the bank immediately, and inform Council's Finance team as soon as practicable. The Council Finance team will process all credit card cancellations.

The Chief Executive shall set the credit card limits for all card holders and authorise credit extensions where there are exceptional circumstances (e.g. overseas travel).

### **4.2. Use of Council Credit Cards**

All purchases on Council credit cards shall be within the approved budget for that card holder's area of responsibility, except under direction of the Chief Executive.

The Council's credit cards are not to be used to obtain cash advances, except in an employment-related emergency. The card holder shall furnish detailed receipts for all payments made with the cash as well as any residual cash when the credit card statement is received.

Council credit cards may be used to remotely purchase goods and services for the organisation. Card holders are to keep a copy of any online order forms completed when purchasing. Purchases will only be from reputable companies known to Council.

Council credit cards must not be used for private expenditure or credit. There may, however, be occasions where a transaction contains some personal expenditure (e.g. partner's accommodation and meals - refer to section 1 above). In such a circumstance, the personal expenditure is to be clearly identified on the statement and the amount repaid. If a private transaction is inadvertently placed on a Council credit card, reimbursement to Council is to be made within 20 working days upon receipt of the monthly statement.

For transactions to be accepted they must be accompanied by a full GST receipt. The exception is minor expenditure (under \$200) where a GST receipt is not available. For these transactions, a receipt is still required but it needn't be a GST receipt. Any transactions on the credit card that do not have supporting documentation may be charged to the card holder's debtor's account.

Upon receipt of the monthly statement, the card holder shall attach details of all transactions. Where transactions are wholly Council-related, they are to be coded to the appropriate expense code. Where transactions have a personal content, the Council-related portion is to be coded to the appropriate expense code and personal portion identified. A debtor's invoice will then be raised for the personal expenditure and this is to be paid in full in accordance with section 6 below.

Transactions will be overseen and authorised in accordance with the Approvals hierarchy above.

### 4.3. Failure to Comply

Where a Council credit card has been used inappropriately, the Chief Executive shall be informed and the card holder may be reminded of the provisions of this policy and given a warning, depending on the severity of the breach. They may also be subject to further investigation or disciplinary procedures. Where the inappropriate use is on-going the card holder will be required to return the card for cancellation and destruction (to be authorised by the Chief Executive), and further investigation or disciplinary procedures may be initiated.

## SECTION 5. FRAUD

### 5.1. Overview

Fraud is the deliberate practice of deception in order to receive unfair, unjustified or unlawful gain and, for the purposes of this policy, includes forms of dishonesty. Within this definition, examples of fraud may include, but are not limited to:

- Unauthorised possession (theft) or use, or misappropriation of funds or other assets.
- Impropriety in handling or reporting of money or financial transactions.
- Forgery or alteration of any document or computer file/record belonging to the Council.
- Forgery or alteration of a bank draft or any other financial instrument, including those used for the purposes of online transactions.
- Bribery, corruption or coercion.
- Destruction, removal or inappropriate use/disclosure of records, data, materials, intellectual property or assets for gain.
- The offering, giving or acceptance of an inducement or reward, which may influence the actions taken by Council, Officers or Elected Members.
- The failure to declare a conflict of interest in making decisions that have a financial or beneficial impact upon the Council Officer, Elected Member or their close associates.
- Dishonest use of a Council supplied credit card, taxi card, fuel card or purchasing card.
- Submitting false personal expense claims or false travel advance requests.
- Falsification of time records.
- Improper use of commercially sensitive client information or our own intellectual property for either your own or another person's pecuniary gain.
- Any similar or related inappropriate conduct.

### 5.2. Policy Statements

Council is committed to preventing, detecting, and responding to fraud and corruption threats. Council adopts a zero tolerance policy to identified behaviour or incidents involving fraud and corruption.

It is important that Council provides confidence to the community and officers regarding the administration of ratepayer's funds. This policy expressly states Council's view that corrupt and fraudulent behaviour is unacceptable, and clearly sets out how corruption and fraud will be dealt with.

All Council Representatives must have, and be seen to have, the highest standards of honesty, propriety and integrity in discharging their obligations to the community. All employees and representatives of Council are expected to take responsibility to ensure the public accountability of the organisation at all times.

All suspected instances of fraud or corruption by Council employees, representatives or external parties will be investigated and reported to appropriate authorities and, where appropriate, referred to the New Zealand Police with a view to prosecution. Recovery of lost money or other property will be pursued wherever possible and practicable.

### 5.3. Protecting our systems and assets

All employees acting in the role of authorising, certifying, signing, and approving officers for financial transactions have a duty to properly carry out authorisation and approval

procedures they are responsible for and to comply with any relevant delegations they operate under.

Suspected internal fraud and suspected misuse of resources fall within the definition of serious wrongdoing contained under the Protected Disclosures (Protection of Whistleblowers) Act 2022.

All employees have a duty to disclose suspicious acts that may represent a suspected internal fraud or a suspected misuse of resources. While we would prefer that the employee making the disclosure identify themselves, Council will accept anonymous disclosures. Further information on initial disclosure steps if an employee suspects fraud or misuse of resources is outlined in a guidance statement set out below and within Council's Protected Disclosures Policy.

Council will seek full recovery of amounts misappropriated by internal fraud from implicated employee(s) or persons.

Fraud risk will be assessed as part of Council's risk management framework. This process will involve ongoing internal fraud risk assessment and the monitoring of the adequacy of relevant internal controls and alignment of related Council policies to this Financial Risk Management Policy.

Council will provide regular advice and training to all Council Representatives on this policy.

#### 5.4. Responding to incidents

ELT will consider all allegations (anonymous or otherwise) in relation to suspected internal fraud or misuse of resources.

Following receipt of a fraud allegation or upon suspicion that an internal fraud or misuse of resources may be occurring, or has taken place, ELT will make initial discreet enquiries to ascertain the substance of the allegation or suspicion. These enquiries should seek to minimise approaches for information being made to any employee.

If the discreet enquiries reveal that misuse of resources is suspected then the relevant provisions of the Code of Conduct or staff Standards of Conduct shall apply.

If the discreet enquiries indicate that an internal fraud is suspected to have occurred, or is still occurring the Chief Executive will develop an appropriate response based on the known circumstances.

After the completion of discreet enquiries where an internal fraud is suspected the Chief Executive will then consider the completion of an internally controlled investigation of the suspected internal fraud.

In the event it is alleged or suspected that the Chief Executive is involved in internal fraud, the Chair of Risk and Assurance will be responsible for the internal investigation process.

If during the completion of the internal investigation or upon completion of any internally controlled fraud investigation, Council believes there is sufficient prima facie evidence that an individual is suspected of being implicated in an internal fraud, a complaint against that individual suspect will be laid with either the New Zealand Police or Serious Fraud Office.

## 5.5. Reporting

Any person reporting any suspected fraudulent act (the Informant) must do so to their immediate Manager who will inform the Chief Executive. Alternatively they may use the relevant procedures in Council's Protected Disclosures Policy.

The Chief Executive will request a written summary of the event, detailing the nature of the fraud, the person(s) involved and the amount of money, property or service fraudulently misused.

If the Informant has reason to believe their Manager is implicated in the suspected fraud, the matter must be reported to the Chief Executive.

If the department Group Manager is suspected of fraud then it needs to be reported to the Chief Executive.

If the Chief Executive's involvement is suspected, the matter must be reported to the Chair of Risk and Assurance.

If Elected Member involvement is suspected, the matter must be reported to the Chief Executive and the Chair of Risk and Assurance.

Persons reporting the activity/behaviour may remain anonymous if the allegation amounts to a protected disclosure under the Protected Disclosures (Protection of Whistleblowers) Act 2022.

## 5.6. Investigation

The Chief Executive will decide within 48 hours of receiving the written summary whether to further investigate, and how any investigation will be undertaken. This may include seeking independent expert advice.

If the Chief Executive is involved in suspected fraud, the Informant will report to the Chair of Risk and Assurance who will make the decision on any further investigation.

The Council will maintain a Fraud Register to record all suspected fraud notifications and the resultant outcome for each of these notifications.

## 5.7. Consequences of an Investigation

If there are reasonable grounds for suspecting that a fraud has taken place, the Chief Executive may contact the New Zealand Police and co-ordinate the investigation with them. Where necessary, appropriate action will be taken to secure and limit access to records.

The Chief Executive will report any actual or suspected fraud to the Mayor, Deputy Mayor and Council's external auditor.

If the investigation substantiates the allegation of fraud in relation to staff, the Manager People and Capability will advise on the appropriate disciplinary action, up to and including

dismissal, and the procedure to be followed. The person(s) involved may be suspended from employment with pay while the matter is being investigated.

Where Elected Member involvement is found, the provisions of the Code of Conduct apply.

At the conclusion of the investigation the events will be documented in a confidential report which will be provided to Council, Risk and Assurance Committee and external auditor as appropriate.

Recommendations may be made to enhance internal control procedures. Where instances of fraud or corruption are substantiated, any decisions to take no action, or to take action that is seen as inappropriate by either the Chief Executive or Manager People and Capability, will be referred to the relevant Group Manager for authorisation.

Where the instance of fraud or corruption amounts to an illegal activity, it will be referred to the New Zealand Police.

A fraud questionnaire is completed every year as part of auditing requirements.

## 5.8. Confidentiality

Council takes the significance of reporting fraud very seriously. All participants in a fraud or corruption investigation will be required to keep all the details and results of an investigation confidential. Maintaining confidentiality in relation to protected disclosure matters is critical to ensuring reprisals are not made against a disclosure.

Any member of staff or Council contacted by the media in regards to the investigation shall refer the media to the Chief Executive or Manager Strategic Communications for comment.

## 5.9. Fraud Register

The Chief Executive will compile and maintain the Council's Fraud Register (the Register).

The Register shall contain information on all suspected fraud notifications and how the Council handled these. It will record how the notification was resolved, the outcome by way of financial loss and details of amounts recovered and if any changes are required to existing management policies, procedures or systems.

The Register will not contain any employee information of a private nature. Rather the Register's content will be at a high level focusing on how management dealt with this issue and what changes, if any, were required.

Access to the Register will be restricted to the Chief Executive, Group Manager Finance and Assurance and the Audit Director appointed by Audit New Zealand.

All information in the Register will be purged after a period of two years unless management action in respect of a recorded item remains incomplete.

## SECTION 6. DEBTORS' MANAGEMENT

### 6.1. Exclusions

The present policy excludes rates-related debts and their collection.

### 6.2. Principles

Council must raise sufficient levels of revenue for the purpose of governance, administration, and the provision of services and facilities to the community.

To ensure the effective and efficient delivery of Council services to the community, good financial management requires the regular receipt and collection of funds from all individuals, organisations, businesses, and other parties who are indebted to Council.

### 6.3. Credit Terms

Credit Terms are standardised [refer to A number] and reviewed regularly. All Council statements will be subject to these terms unless otherwise specified.

### 6.4. Debt Management

Council's Group Manager Finance and Assurance (or delegate as recorded in the delegations register) is responsible for debt management practices. This includes the issuing of monthly debtor statements, reviewing aged debtor reports, liaising with the Council division which issued the invoice, regular contact with the debtor as appropriate, and liaising with collection agencies.

### 6.5. Overdue Accounts

If an invoice is not paid in full as per the agreed terms and conditions, interest may be charged on the balance in accordance with those terms. Interest will not be charged where an agreed repayment plan is in place and being fully met. Debts unpaid after three months are reviewed by the Group Manager Finance and Assurance (or delegate) and a decision made on recovery options.

### 6.6. Bad Debts

Debts will be written off when all reasonable attempts at recovery have been taken. The following criteria will be considered in coming to that decision:

- The debtor is bankrupt.
- The debtor (company) is in liquidation and there is insufficient funds to meet our debt.
- The debtor is deceased and has no remaining assets.
- There is little or no likelihood of the debt being recovered.
- The costs associated with collecting the debt would be prohibitive.

All costs of collection and any recoveries beyond the initial invoice are retained by the Council Finance team.



## 6.7. Delegated Authority

Where the Chief Executive or the Group Managers are satisfied that no prospect of collection exists, or it is uneconomic to pursue the matter further, debts may be written off in accordance with Section 6.4.2 of Invercargill City Council Delegations Register.

A register of write-offs will be maintained and be available for inspection at any time. A summary of this register is reported on regularly to the Finance and Projects Committee.

In regard to debt recovery, staff should seek the prior approval of the General Manager – Finance and Assurance for negotiating limits whenever practicable. In circumstances where such prior approval is not practical, staff are to agree to the recovery of lesser costs or amounts when the cost of recovery is likely to outweigh the amount recovered.

Debtors will be expected to pay the costs of debt collection.

In instances where bad debts have been written off, the Group Manager Finance and Assurance will decide whether or not Council will continue to grant credit to the debtor.

<b>Reference Number:</b>	<b>A5367910</b>
<b>Effective Date:</b>	1 July 2024
<b>Review Period:</b>	This policy will be reviewed every six (6) years, unless earlier review is required due to legislative changes, or is warranted by another reason requested by Council.
<b>Supersedes:</b>	Financial Risk Management Policy 2023 (A4222312)
<b>New Review Date:</b>	July 2030
<b>Associated Documents/References:</b>	Code of Conduct (A4062310), Conflicts of Interest Policy (A3908351), Motor Vehicles Policy (A3810961), Staff Recognition Guidelines (A170634), Standards of Conduct/Employee Handbook
<b>Policy Owner:</b>	General Manager - Finance and Assurance

## STRATEGIC CAPITAL PROJECTS REPORT

<b>To:</b>	Finance and Projects Committee
<b>Meeting Date:</b>	Tuesday 18 June 2024
<b>From:</b>	Lee Butcher – Programme Director
<b>Approved:</b>	Erin Moogan - Group Manager - Infrastructure Services
<b>Approved Date:</b>	Wednesday 12 June 2024
<b>Open Agenda:</b>	Yes
<b>Public Excluded Agenda:</b>	No

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### Purpose

This report updates the Committee on the status of Strategic Capital Projects delivered by the Project Management Office (PMO).

### Recommendations

That the Finance and Projects Committee:

1. Receives the report "Strategic Capital Projects Report".
2. Receives the "ICC PMO Programme Dashboard".
3. Notes the current status of the projects, including project risk assessment.

### Background

The PMO carry out oversight and management of eight strategic projects. Through the PMO, Invercargill City Council (ICC) develops tools and internal staff to manage and deliver projects directly and support better internal processes.

The PMO provides a snapshot of progress, risk, and commentary on the programme through the ICC PMO Programme Dashboard presented to the Finance and Projects Committee bi-monthly.

## Programme Summary

The PMO has handed over a number of key projects in the last period, notably the first stage of the Housing Care units and the Tutarara facility. In the next few weeks, the first section of the Braxholme line will start functioning from Braxholme to the Wai-kiwi reservoir.

As we enter the second half of the year, we plan to complete the demolition at the Museum and break ground with the new Museum build, Braxholme Pipeline (pipe install), Rugby Park (current strengthening work), Stage 1 CCTV install, Demolition of old units at Miller street and the boat ramp (sea pontoons).

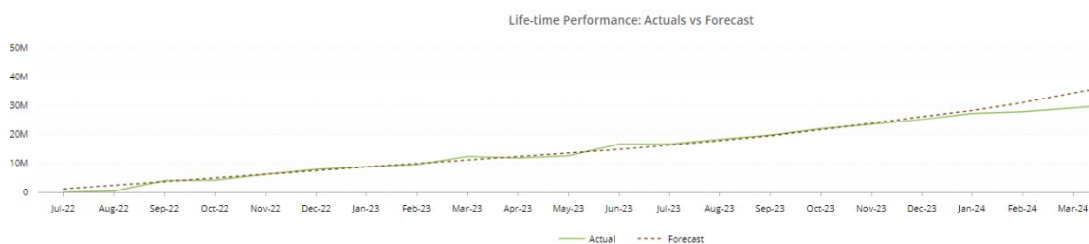
The ECI contractor (Naylor Love) has been progressing well, and we are on track to receive their offer in early July as planned.

Gibson International has progressed well with the main "southland stories" experience zone and is working on the other experience spaces.

Cost pressure is still high on our minds as we progress through a number of multi-year projects; inflation, insurance, fuel, wages, and other business costs are becoming a greater challenge than material costs. We have seen some material costs back off slightly, but not the level of pre-COVID-19.

While the focus is firmly on the LTP 2021 projects, we have started early planning for the LTP 2024 projects to ensure we are ready for them later this year.

## Forecasting Information



Forecasting has slipped further with a 3 million gap at present; four key projects have impacted this (Bluff boat ramp – slow invoicing) (rugby park – delay in starting) (Braxholme – wet weather slowing pipe install) (Museum – switching design teams). We have noted several late claims. The Project Managers are working to improve this as we close the financial year.

## Elected Member Updates

The next update is due later this month and will feature some of the recently closed projects and updates on others.

## Attachments

Attachment 1 – June 2024 Strategic Projects Dashboard (A5398450).



**ICC PMO Programme Dashboard  
(Roadmap To Renewal LTP July 2021 - June 2031)**

Report to 03/June/2024

Programme Sponsor: Erin Moogan

Programme Lead: Lee Butcher

Project Budget	Spend to date			PMO forecasting - Risk - ETC - tracking			RAG	Comments
	Budget (inc Cont.)	Actuals (from Tech One)	Remaining	Estimate to Complete (ETC)	Contingency (remaining)	Variation - Budget vs ETC		
Branxholme Water Main - (100349)	\$ 25,348,575	\$ 18,320,426	\$ 7,028,149	\$ 26,148,575	2,163,104 (1,760,000)	-\$ 800,000	Yellow	Some challenging ground in Russel Street is testing the teams, and it is a bit frustrating. There are some wins at the other end, with pressure testing and link-in tests passing the first time (a great project milestone). Pipe Storage for (spares, etc.) needs consideration as the HDPE needs very different conditions from the old ACM type pipe.
Rugby Park (2024 pack) - (100305)	\$ 1,000,000	\$ 337,630	\$ 662,370	\$ 985,888	150,000 (150,000)	\$ 14,112	Green	Stage 2 (2024) is underway with scaffolding and steel for the main stand, piling and other works are also planned.
Te Hinaki - (100315)	\$ 16,000,000	\$ 753,160	\$ 15,246,840	\$ 16,000,000	1,600,000 (1,600,000)	\$ -	Yellow	Decanting options are being worked through, and a paper is due to the council shortly.
P1225 - Museum (100551)	\$ 61,505,687	\$ 4,157,918	\$ 57,347,769	\$ 60,509,682	6,451,147 (5,543,291.82)	\$ 996,005	Yellow	The Building design development has tracked well since moving to the Contractor model in April. The Experience design has also developed well, and "concepts" for the Stories of Southland are coming to life and being costed. Demolition is also tracking well, with a small pause over a week to allow for monitoring and further checking in the old enclosure.
P1225 - Tuatara (100715)	\$ 845,495	\$ 871,823	-\$ 26,328	\$ 731,364	100,000 (98,147)	\$ 114,131	Green	The facility was formally opened on the 7th of June in line with the Parks plan; the public opening on the 8th was well attended and covered by media. The second of three parts of Project 1225 is now delivered.
Bluff Boat Ramp - (100335)	\$ 2,166,552	\$ 1,531,313	\$ 635,239	\$ 2,323,200	198,337 (43,206)	-\$ 156,648	Yellow	Work on the east Jetty was delayed but is now in full swing. All piles are in, and walkways and accessways are under construction. Some minor remedial work is needed for the West, which is delayed due to weather and re-planned for the 12th & 13th of June. This has delayed launching the first sea pontoon, which is now planned for late June. We have re-forecasted the project and are showing a smaller over-spend now, circa 156k; this will come from the programme contingency held and planned by finance.
Housing Innovation site 1 - (100653)	\$ 2,145,000	\$ 1,612,939	\$ 532,061	\$ 1,650,000	225,352 (188,990)	\$ 495,000	Green	Stage 1 is complete, and Stage 2 (Miller Street) is underway. The demolition contractor was selected this month and will start work next month. The designer's first concepts workshop was with internal stakeholders and city planners. Options were considered and are now being developed before being presented to the council later this year.
CCTV Stage 1 (CDB) - (100698)	\$ 1,000,000	\$ 140,210	\$ 859,790	\$ 1,655,910	0 (0)	-\$ 655,910	Yellow	We have been working with our preferred supplier to finalise costs (both capital spend and ongoing operational costs such as data storage and licencing, etc.). Alongside this, we have been working on infrastructure and operational planning (how ICC will run the systems and support police). We have developed a five-year cost plan, which will be tabled to the council for final approval. Meanwhile, delivery planning is still underway.
<b>Programme Total</b>	<b>\$ 110,011,309</b>	<b>\$ 27,725,419</b>	<b>\$ 82,285,890</b>	<b>\$ 110,004,619</b>	<b>\$10,887,950 (\$1,504,315)</b>	<b>\$ 6,690</b>		With Circa 40 million spent and another 80 million committed the team are certinally getting through the programme, we have started to really look at the next LTP plan to enable a smooth start-up on those project late 2024 and into 2025.



### ICC PMO Programme Dashboard: Risks (Overview)

Report to 03/June/2024		Programme Sponsor: Erin Moogan							Programme Lead: Lee Butcher	
PROGRAMME STATUS										
PROGRAMME HEALTH STATUS (1 = GREEN (OK), 2 = AMBER (ON WATCH), 3 = RED (ESCALATE))										
ID	ITEM	Branxholme	Ruby Park STG 1\3	P1225 Museum	P1225 Tuatara	Te Hinaki	Bluff Boat Ramp	Housing Innovation	CCTV	DESCRIPTION
1	Schedule	Amber	Green	Green	Green	Amber	Amber	Green	Amber	<p><b>Branxholme</b> - Soft ground in Russel Street has caused issues, as well as the need to widen the trench for safety and to ensure a quality reinstatement. This, plus poor weather over the summer, has caused the team to log an EOT of 54 days.</p> <p><b>Te Hinaki</b> - with ongoing failures in the building, there is a real risk of ongoing issues; time is certainly not on our side. A clear action plan is needed urgently to ensure that council services are maintained across the city with minimal impact.</p> <p><b>Bluff Boat-Ramp</b>—Work started on the East Jetty a few weeks later than planned. The weather has held up the West Pontoon Launch, as we had to defer some extra concrete work to June 13th. The next Lunch date will be in late June. CCTV - it has taken a bit longer than planned to work through all the various cost options with our preferred supplier; we wanted to be clear and sure of the costs now and in the future. This has led us to bring a final report to the council so that the council has all the facts and figures at hand and is clear with the current and longer-term costs regarding renewals and operations. However, we are still very confident that some of the systems will be operational at the back end of 2024.</p>
2	Financials	Amber	Green	Amber	Green	Amber	Amber	Green	Amber	<p><b>Branxholme</b> - Some contingency has been spent on poor ground conditions. The ETC has also increased to 26.14+ million, but this is expected to drop back closer to budget as ground conditions look to improve and the contractor is looking at other saving options.</p> <p><b>Te Hinaki</b> - This is a very complex undertaking; it is clear that decanting the whole ICC has been significantly underestimated; in 2022, it was discovered that it was unlikely to be possible to locate the ICC in a nest of buildings close together and the decant was placed on-hold as scattering staff across the city would have been costly and likely to impact services. Now, in 2024, more options are available to us, and through a revised look at the possible decanting options, we have found a clear and logical option that could home the ICC for a short or longer term to allow time for wider reaching options that could bring significant community benefits to the city and region if done well.</p> <p><b>Museum</b> - As we develop the museum design, we also develop and update the cost plan; we are seeing areas of concern but also finding cost-saving opportunities. All changes are being well considered to ensure we provide a facility that is fit for purpose for the long term and that investment decisions take a long-lens view, not focus on short-term benefits. One of the large issues has been developing the car parking area; this was not initially planned but is required due to the loss of some parking and to ensure we cater for EV, hybrid and accessible parking as required to achieve the Greenstar status for our facility. We are confident that any gap will be covered by the programme contingencies held and planned by the council finance.</p> <p><b>Bluff Boat-Ramp</b> - A small overspend is now almost certain. We have made savings where possible and received good pricing from our suppliers. Almost all our unexpected issues are fully resolved, which limits our risk and gives us confidence to report a small overspend.</p> <p><b>CCTV</b> - Since late last year, we have been challenging and developing our cost knowledge for the CCTV project. Estimates tabled to the council some years ago have been found to have had multiple gaps, and the project was undeliverable. We have developed a clear and concise understanding of the true capital and operational cost to deliver Invercargill City through robust design and tendering to the New Zealand market. This high-performing and modern CCTV system will become a prudent tool for policing in the CBD. The budget will be updated upon final approval of the LTP.</p>

3	Scope									<b>Museum</b> —The addition of a large carpark and extended landscape is causing issues with the cost plan. The building is close to our cost plan, and the ECI contractor continues to provide ICC with various value engineering options. The team is looking at risk sharing with the ECI contractor, where ICC take on some risk and undertakes some work (self-managed or self-delivered). We have seen this benefit us on all other P1225 projects and other PMO projects.
4	Resources									
5	Dependencies									
6	Quality									
7	Stakeholder									
8	Benefits									
9	Health & Safety									
<b>Overall</b>										Risk trends across our projects are mostly focused on time and cost. These are not new risks to us, and we have, at times, managed to mitigate these fully on projects or significantly reduce them. Since 2021, we have delivered a number of projects with good outcomes, the lessons learnt from all projects are fed back into the team and help us manage future projects and the risks.