

**Minutes of the Organisational Performance and Audit
Committee (*Arataki Mahi me Tātaki Kauta*) Meeting of
the Southland Regional Council, held in
Regional House, corner North Road and Price Street,
Invercargill, on Wednesday, 13 November 2019
at 9.00 am**



Present: Cr L Ludlow (Chair)
Cr A Baird
Cr N Cook
Cr L McCallum
Cr J McPhail
Chairman N Horrell

Also Present: Cr L Esler

In Attendance: Mr R A Phillips (Chief Executive)
Mr N Selman (Director, Corporate Services)
Mr K Swinney (Acting Director, Science & Information)
Mr V Smith (Director Policy, Planning & Regulatory Services)
Mrs T Hawkins (Finance Manager)
Ms T McCann (Communications Co-ordinator)
Mrs M Weston (PA)

1 Welcome (*Haere mai*)

The Chairman welcomed members to the Organisational Performance and Audit Committee meeting for November 2019.

2 Apologies (*Nga Pa Pouri*)

Resolved:

Moved Cr Cook seconded Cr McPhail, that an apology for absence be recorded on behalf of Mr Robertson.

Carried

3 Declarations of Interest

There were no declarations of interest raised at the meeting.

4 Public Forum, Petitions and Deputations (*He Huinga tuku korero*)

There was no public forum, petitions or deputations presented at the meeting.

5 Confirmation of Minutes (Whakau korero) – 4 September & 30 September 2019

Resolved:

Moved Cr Cook, seconded Cr McPhail, that the minutes of the Organisational Performance and Audit Committee meeting held on 4 September 2019 be confirmed as a true and correct record.

Carried

Resolved:

Moved Cr Cook, seconded Cr McPhail, that the minutes of the Organisational Performance and Audit Committee meeting held on 30 September 2019 be confirmed as a true and correct record.

Carried

6 Notification of Extraordinary and Urgent Business (*He Panui Autaia hei Totoia Pakihi*)

5.1 Supplementary Reports

There were no supplementary reports tabled for inclusion in the agenda.

5.2 Other

There were no other items raised by Councillors for inclusion in the agenda.

7 Questions (*Patai*)

There were no questions asked by the meeting.

8 Chairman and Councillors' Reports (*Nga Purongo-a-Tumuaki me nga Kaunihera*)

Neither the Chairman nor any Councillors presented reports to the meeting.

9 Election of Deputy Chair of the Committee

This item was deferred for consideration until after the morning tea break.

10 Director of Corporate Services Report – 19/OPAC/95

⇒ Item 1 – Financial Report to 30 September 2019

Tanea Hawkins (Finance Manager) spoke to this item, which reported on the financial situation of Council for the period ended 30 September 2019. She discussed the reported information in detail, for the benefit of new members. Items raised from discussions were as follows:

- In response to questions from Cr Baird, Mrs Hawkins explained how the rates income was “recognised” throughout the year, by bringing in 1/12th of the income each month with the “unearned” balance being held as “rates received in advance” in the Statement of Financial Position.
- The predicted recession for 2020, and the potential impact this could have on Council’s investment income.
- That staff have taken a harder line with budgeting for replacement staff during the year, such that it was anticipated there would be little variance between budget and actuals.
- That the consents division would be continuing to use consultants throughout the year because of the high workloads in that division. As a result it was anticipated there would be a loss recorded by that division.
- The need for a workshop to go through the background mechanics and historical matters to assist with understanding the flow of information within Council.

Resolved:

Moved Cr McCallum, seconded Cr Cook that Council note the Financial report to 30 September 2019, and hold a workshop as discussed.

Carried

⇒ Item 2 – Investment Report to 30 September 2019

Tanea Hawkins spoke to this item of the Investment Report, which recorded that as of 30 September 2019, the total of Council’s managed fund investments amounted to \$35,219,758, an increase of \$330,766 from 31 August 2019.

Total investment surplus for the year to 30 September 2019 of \$1,323,227 is favourable to budget by \$990,847.

In response to questions from Cr Baird, staff explained the allocation of interest payments to reserves that were made as per Council policy.

Resolved:

Moved McCallum, seconded Chairman Horrell, that Council note the Investment report

Carried

⇒ Item 3 – Reserves Report at 30 June 2019

Tanea Hawkins spoke to this report which detailed Council's reserves at 30 June 2019. It described the various reserves that Council holds and detailed their potential use and forecast balances through the 10 year term of the 2018-2028 Long-term Plan.

Mr Bruce Robertson had circulated a number of questions for consideration by the meeting, in his absence today, relating to this item – in particular what the likely size of event or frequency was being planned for, and whether the reserves were large enough yet, or not. It was noted that there are a number of challenges within the insurance industry with regard to infrastructure, and until they were understood, staff were reluctant to change the approach taken to reserves. This too, would be the subject of a workshop/briefing to Council at a later date. It was noted discussions would also need to be held with the River Liaison Committees to gain their perspective on the risks as well. Other associated matters included the Deed of Agreement negotiations in relation to the marine fee, and the Lease Land Surplus policy.

As part of those future discussions, Council would consider placing caps on some of the reserves, noting that trends would need to be considered and background work would need to be done.

It was recommended that this item be included in the OPAC workshops for Councillors, the date of which would be communicated.

Resolved:

Moved Cr McPhail, seconded Cr Baird, that Council note the Reserves Report at 30 June 2019.

Carried

⇒ Item 4 – Clean Air Loans Quarterly Report

Environment Southland has a Memorandum of Understanding with both Invercargill City Council and Gore District Council for funding a joint clean heat and insulation package in the form of a loan scheme for qualified applicants for the air sheds of Invercargill and Gore respectively, which this item reported on.

Councillors raised concerns about the lack of uptake with the loans, and felt there was a need for greater promotion of the loan scheme. Mrs McCann advised that there had been considerable promotion of the scheme and there was awareness of it within the community, but not everyone considered it their first option. Staff were currently focused on identifying the rate of replacement of non-compliant burners.

After further discussion it was agreed a joint meeting with the territorial authorities needed to be held to discuss this issue further. Also, further information about the overall changes people were implementing (irrespective of the loan scheme) would be useful.

Resolved:

Moved Cr McCallum, seconded Cr McPhail that Council note the Invercargill City Council and Gore District Council Clean Air Loan quarterly reports as at 30 September 2019.

Carried

The meeting agreed the report addressed the requirements in relation to the loans scheme, but there was a need to discuss whether the workstream was on target to meet its objectives. It was agreed that this would be discussed as part of the induction sessions of Council, and as part of the review of Committees.

⇒ **Item 5 – Regional Software Holdings Limited – Annual Report to 30 June 2019**

Mr Selman note that this item reported the year end results for Regional Software Holdings Limited as required, and there was to be a presentation from representatives of RSHL, later in the meeting.

Resolved:

Moved Chairman Horrell, seconded Cr McPhail that Council receive the Regional Software Holdings Limited's Annual Report for the year ended 30 June 2019.

Carried

⇒ **Item 6 – Health & Safety Management System Report**

Amy Kubrycht provided a verbal report on the operation of the Health, Safety and Wellbeing Management System.

Council were advised of the resignation of the former H&S Co-ordinator and the change in approach being taken with this role, and the need for it to have a full time focus in the future, to deliver Council's Health, Safety & Wellbeing Strategy and drive engagement in this area.

Concerns were raised around increased workloads for employees, and how the resulting stress levels were being addressed. It was noted that individuals react differently and a "one size fits all" could not be taken. The issues were being addressed by:

- **Resilience Training** - available for all staff.
- **Prioritisation workshop** - to assist with clarifying organisational priorities and to assist our Leaders to better manage their teams.
- **EAP** – Is a workplace support offered to all staff

Rob Phillips confirmed that discussions were continuing on wellbeing, as it was acknowledged there was stress within the organisation because of some large/increased workloads.

The meeting was also advised that Environment Southland was a finalist for the Westpac Finance Business Excellence Awards in the area of Wellbeing.

In response to questions from Cr Baird around “risky activities”, staff briefly outlined the national protocols that were in place and the approach taken by field staff. It was agreed to provide specific information on this aspect for Cr Baird, and that this issue would be discussed further as part of the induction session for Councillors.

Resolved:

Moved Cr McCallum, seconded Cr Cook that Council receive the Health, Safety and Wellbeing Management Report for the quarter to 30 September 2019.

Carried

⇒ Item 7 – Long –term Plan Progress Report

This item provided Council with a three month progress report on the status of the work programmes set out in the Long-term Plan.

Chair Ludlow thanked Mr Swinney for his excellent work over the years, noting that this was his last OPAC meeting. Mr Swinney worked through this report in detail, for the benefit of new members, whilst at the same time addressing the matters raised by Mr Robertson. Items discussed included the following:

- Regional Forum - Managers to comment on future tasks/steps and provide an indication of times/ dates (pg 86)
- Biodiversity Commentary - for Q2 to be included (pg 88)
- Science & Strategy – this issue of resourcing is being discussed at an Executive level
- Climate Change – the lead is being taken by the Mayoral Forum on a region-wide adaptation.
- Whakamana te Waituna – comment was made re the risks faced with community consultations and / or agencies (pg 91/92).
- When items are “off track”, not only is there a need to report this fact, but to also include steps being taken to get the matter back on track.
- Noted there is to be a briefing on the Waituna projects, including the trusts and the arrangements with MfE, to ensure the new Council is fully informed on these matters.

Resolved:

Moved Chairman Horrell, seconded Cr McCallum that Council note the three monthly Long-term Plan activity progress report for the 2019/2020 year.

Carried

⇒ Item 8 – Annual Activity Plan

The Annual Activity Plan was presented to the Committee and proposed the Annual Plan of items to be delivered on by the Committee. Mr Selman spoke to this report, and the meeting noted the points raised by Mr Robertson.

It was agreed as the start was made on the next triennium's work, that it would be important to discuss with Mr Robertson and staff to ensure the work programme was prioritised in the right way, and to bring it through in a scheduled format to reflect those priorities.

Resolved:

Moved Chairman Horrell, seconded Cr Cook that Council review the Annual Activity Plan, provide input and resolve to note it.

Carried

[Morning tea break taken from 10.45 am to 10.50 am]

9 Election of Deputy Chair of the Committee

This item had been provided to allow Council to Elect a Deputy Chair of the Committee.

The meeting noted the advice received from the Auditor General via a letter to Council dated 25 July 2019, which discussed the appointment of independent members/Chairs to Audit and Risk Committees. Options presented before the Committee considered Bruce Robertson as Deputy Chair in his Independent role, or for Council to consider electing one of the remaining Members.

The meeting agreed that by bringing in Independent advice to Council, there has been a significant improvement in the scope of the work of this committee over the last three years. For this reason a recommendation was made to move that Cr McCallum be elected as Deputy Chair.

Council acknowledged Mr Robertson's contribution and the skill that he adds to the committee, and recommended that he continue as an Independent Member and to contribute to the preparation of meeting schedules.

Resolved:

Moved Chairman Horrell, seconded Councillor McPhail that the Organisational Performance and Audit Committee appoint Cr McCallum as the Deputy Chair of the Committee.

Carried

11 Extraordinary and Urgent Business (Panui Autaia hei Totoia Pakihi)

There were no items discussed.

12 Public Excluded Business (He hui Pakihi e hara mo te iwi)
Resolved:

Moved Cr McCallum, seconded Cr McPhail, that the public be excluded from the following part of the proceedings of this meeting.

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

<i>General Subject Matter</i>	<i>Reason for Passing the Resolution</i>	<i>Grounds under S. 48(1)</i>
⇒ Confirmation of Minutes 4 September 2019	To prevent the disclosure or use of information for improper gain or advantage.	S.7(2)(j)
⇒ Confirmation of Minutes 30 September 2019		
⇒ Item 9 – Cruise Ship Deed of Agreement update	To protect the privacy of natural persons	S.7(2)(a)
⇒ Item 10 – Insurance Policies	To allow Council to carry out commercial activities (including commercial and industrial) without prejudice or disadvantage	S.7(2)(h)
⇒ Item 11 – Regional Software Holdings Limited		
⇒ Item 12 – ES Way Update		
⇒ Item 13 – Overview Governance Level Risk Management	To prevent the disclosure or use of information for improper gain or advantage.	S.7(2)(j)
	To allow Council to carry on without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	S.7(2)(i)

It is further moved that staff present be permitted to remain at this meeting after the public has been excluded.

Carried

Resumed in Open Meeting

Termination

There being no further business, the meeting closed at 12.15 pm.