

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 Thursday, 1 July 2021, at 10.03 am.



Present:	Cr L Ludlow	(Chair)
	Cr A Baird	
	Cr L McCallum	
	Cr J McPhail	
	Mr B Robertson – by Zoom – part meeting	
	Chairman N Horrell (ex-officio) – part meeting	
In Attendance:	Mr R A Phillips	(Chief Executive)
	Mr C Wood	(Interim GM, Finance & Corporate)
	Ms A Kubrycht	(GM, Organisational Development & Transformation)
	Ms W Falconer	(GM, Strategy, Planning & Engagement)
	Ms T Hawkins	(Finance Manager)
	Mrs J Carroll	(IS Manager)
	Mrs F Young	(Land & Water Services Manager)
	Mrs L Tamati	(Communications & Engagement Advisor)
	Ms A Meade	(Biosecurity & Biodiversity Operations Manager)
	Mr P le Roux	(H&S Business Partner)
Mrs J M Brown	(Executive Assistant)	

1 Welcome (*Haere mai*)

The Chair welcomed everyone to the Organisational Performance and Audit Committee meeting for July 2021 and those attending the live stream of this event.

2 Apologies (*Nga Pa Pouri*)

Resolved:

Moved Cr McPhail, seconded Cr McCallum that apologies for lateness be recorded on behalf of Mr B Robertson and Chairman N Horrell, and for absence on behalf of Cr Cook.

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

5 Confirmation of Minutes (Whakau korero) – 19 May 2021

Resolved:

Moved Cr Baird, seconded Cr McCallum, that the minutes of the Organisational Performance and Audit Committee meeting held on 19 May 2021, be taken as read and confirmed as a true and correct record.

Carried

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

6.1 Supplementary Reports

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

6.2 Other

No other items were raised for discussion.

7 Questions (*Patai*)

There were no questions asked by the meeting.

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

The Chairman provided members with an update on items on the Action Sheet from the last meeting – as follows:

Regional Software Holdings Ltd: Jane Carroll provided the meeting with a brief update on the Annual Meeting, at which Council's concerns regarding the draft Statement of Intent, noting that as a result the document had been amended to meet those concerns. She also noted that a full report on the Next Gen information would be provided to Council in the near future, and once the information was made public, the transition strategies would be advised to Council.

In response to requests from newer Councillors, Mrs Carroll also provided the meeting with the background to the establishment and work of RSHL over the past 10 years. This also included the RFP and follow-up process for the replacement of the IRIS product, for which the Board was currently working through due diligence to ensure all

aspects were addressed. She advised a roadshow was being developed which would be provided to all Councils, to ensure there was clarity around the Next Gen work.

Cr McCallum noted that Council would need to understand what the transition process was, as a key issue was the quality of the data Council had and retained. Mrs Carroll assured the Council that the learnings from the last development phase were being factored in to ensure a better outcome this time.

The meeting was also advised that the next OPAC meeting would receive the revised activity report; and the debtors' reports, whilst the risk management and shovel ready projects would be updated at today's meeting.

9 Interim General Manager, Finance & Corporate Services Report – 21/OPAC/53

⇒ Item 1 – Changes to Accounting Standards

The purpose of this item was to outline changes to the accounting standards for Council's Annual Report and Financial Statements for the year ending 30 June 2021.

Mrs Hawkins spoke to this report and advised she had also been in contact with the Otago Regional Council to see how they had managed this process as well. She advised that for the year ended 2021 there would be no changes to reporting, as a result of the revised standards, but that there were a significant number of changes coming through over the next two years. Deloitte has been asked to provide a review of those standards and an estimate of the cost of the changes. One of the matters that was likely to be apparent post 30 June 2022 was the value of the South Port investment Council holds – which at this time is recorded at the book value, but may need to be increased.

Resolved:

Moved Cr Baird, seconded Cr McCallum, that Council note the report.

Carried

⇒ Item 2 – Cyber Security Report – June 2021

This item reported on current and developing risks, mitigations and status of projects concerning cyber security. In speaking to this report Mrs Carroll noted that staff and Council were very aware of the risks and good protections were in place. In addition, she was part of a national group looking at these issues, and involved in joint work being done through the local Shared Services group to address concerns.

In response to questions from the meeting, Mrs Carroll advised that the current back-up system is "into the cloud", and has built-in ransomware detection with it. This provides some confidence such that if a ransomware attack occurs, the vendor can advise it is happening and can isolate ES systems and ensure that its operations are back-up and working in a relatively short period of time.

In response to questions from Cr Baird, Mrs Carroll advised that back-up of the entire system occurs every six hours; it is backed-up locally and also to the cloud. Password changes are also being prompted from next week, with a greater level of security being required

Questions were posed by the meeting in regard to RealMe accounts and the tools that were being required by the community to interact with compliance. There were concerns that there had not been sufficient information/communication undertaken with the community about these changes. Cr McCallum felt that not only cost savings but advantages of the changes should have been communicated. He also wished to ensure the community was reassured about the safety of these system changes such that they could have confidence in the way ahead. The meeting agreed that a report on this should be provided to a future meeting.

In response to questions from Cr Ludlow about the work going forward in this regard would mean for budgets, Mrs Carroll advised that she had budget provided for the next year to cover some of this work, as it had been planned for. An audit was also to occur in the next few weeks, which could result in other concerns being raised which may not have been identified to date, which could result in further cost, yet to be identified.

Cr McCallum asked that councillors be kept in the loop with regard to all of this work – that information sent to staff is sent to Councillors at the same time, and to ensure that Councillors were kept at the top of the list for training.

Resolved:

Moved Cr McCallum, seconded Cr Baird, that Council note the June 2021 cyber security report.

Carried

⇒ **Item 3 – Health, Safety and Wellbeing Management System Report**

This item reported on the operation of the Council's Health, Safety and Wellbeing Management System. Paul le Roux introduced himself to the meeting as the new Health, Safety and Wellness Business Partner for Council, and provided a brief outline of his work background. He then spoke to his report and highlighted key matters, including:

- Adoption of the revised motor vehicle policy
- risk perspective – have been seeing an increase in speeding events in the last quarter (in the space between 100-110 km/hr)
- up and coming risk re diving project that is being undertaken
- internal audit to assist with improvements in system has been undertaken
- quarterly incident reporting.

Cr Baird asked about speeding incidents in relation to passing manoeuvres and how they could be safely undertaken within the speed limit. Mr Le Roux noted both the Council's speeding regulations and limits imposed by the law. The question around safe passing manoeuvres is often raised at H&S meetings. Overtaking needs to be done in a safe manner, sticking to the rules, having clear vision, etc. If it cannot be performed the

vehicle must remain behind the vehicle it was intending to pass until it can be completed in such a way. It was noted that the spike in speeding events may be because of such manoeuvres occurring. The speeding increases have been spikes, largely and in short duration.

Mrs Kubrycht felt the driving behaviour was no different inside the organisation to outside the organisation. There were “mental models” that need to be addressed – it is a limit, not a target. Encouraging people to keep themselves and everybody else safe was key to this – everybody needs to get home safely.

Cr McCallum noted the graphs shown on page 20 of the agenda and asked if this could be presented in an improved format going forward, to make it easier to read and understand. Mr le Roux agreed this was a work in progress.

Resolved:

Moved Cr McCallum, seconded Cr McPhail, that Council note the Health, Safety and Wellbeing Management Report for the quarter to 30 June 2021.

Carried

Item 4 – Economic Recovery Projects – Governance Group Progress Report

This item was provided for Council to receive verbal updates on progress being made on the Economic Recovery projects funded largely by central government. Ali Meade and Ramon Strong updated the meeting as follows:

Jobs for Nature:

- Six successful projects. Undaria has been fully signed off and have also received an additional \$50,000 from MPI to start work on additional wilding conifer control in the Takitimus.
- Biodiversity Action on the Ground - \$6M – ecological surveys and out to help people manage areas of indigenous vegetation. Recruitment now complete, review has been completed to allow changes to occur to the programme. Procurement for ecological surveys not completed - \$2M project. In final negotiation stages at the moment. Quite a bit of work has been rolled over into the next financial year.
- Have 12 environmental enhancement fund works – weed control work to protect biodiversity, and field control officer work doing work. Talking to MfE ensuring funding can be rolled over – there is comfort with the approach being taken and this will occur.
- Fish passage work - had hoped it would be completed in year 1 but due to issues with data transfer this has been deferred to next year, and confirmation has been achieved that two years’ worth of work will be done in one.
- Fiordland weed work – 44 different tourism operators working in the field, from 8 different businesses and 7 different sole traders. All planned work for the season was finished with under-spend, and DOC allowing that funding to go through and be spent next year. All of the year-end debriefs with tourism companies were positive and want to be involved next year. Will be planning work done next year; teams checking residential properties; survey work and then control work done in the warmer months.

- Undaria – recruited full time marine co-ordinator who will be based in Te Anau running the day-to-day work and H&S. H&S will be huge for this project – working closely with DOC, WorkSafe and Paul le Roux. First piece is diver recruitment. Interviews and team building. Contracts will be different – need to pass different parts of the training before can continue. Need to ensure not putting people into unsafe situations.
- Procurement for boat hire to support divers is about to commence. Expecting divers will be in the water in August/September. Depths involved is max 20 metres – most of the work is 1-5 metres. First season will be teamed up with qualified scientific divers. First dives will be in the shallowest areas in Breaksea Sound. H&S will be closely watched – aware this is outside our normal area of working.

[Chairman Horrell attended the meeting at this time].

- Predator Free Southland – much of the work done. To continue looking for co-funding. Received Lotteries funding for year 1; Council has indicated possibility of funding for the next three years; Predator Fee getting pressure from central government re 1-1 funding contribution. Possibility that funding will go 2-1 – which puts the project at risk. Current agreement is intent to fund only, and not currently binding.
- Wilding conifers – very successful year – all work at Mid Dome was completed. Had a couple of H&S near misses that were investigated. Steps have been put in place in terms of remediation for next year. Key issue is ES needs to be right on top of the auditing – ensuring there are people on the ground all the time, checking what is happening.
- Bluff Hill Motupohue – all completed.
- Takitimus – this is an extra piece of work that was funded only two months ago; had helicopters doing wand work in the last weather window. Hoping that the success of this project will see a continuation of funding from MPI next year.

In response to questions from the meeting about the ability to capture how much money is being spent on wilding conifers in the region (both by central and local government), given that there were concerns that planting of the wrong trees in the wrong place continued to occur - Mrs Meade agreed there are multimillion dollar issues potentially ahead of the region with the plantings that were occurring now. It was noted Southland District Council was agreeing to plantings but Environment Southland had no input into those decisions, yet was responsible for the clean-up that arose from them.

The Chairman commented the NES for plantation forestry was too weak, and until it was reviewed problems would continue to arise. Cr McCallum felt plantations going in now should be the responsibility of the land owner but was advised that the RPMP does not provide for the polluter pays approach.

Ramon Strong introduced himself to the meeting and provided an update on the shovel ready projects that had formerly been undertaken by the late Paddy Haynes.

- Project re-set – aiming to review and simplify the reporting;
- Aiming to compress the 10 projects into 3 for reporting purposes;
- Working on a broader set of outcomes, including by-product from the work that

- is done (e.g. enhancing cycling and walking alongside the work done);
- Good news story is the Waiau project – good steps in competing this work;
 - Boundary Creek – some progress made but significant work still to be done;
 - Maitua project behind – investigation and design work has commenced and tentative completion date of May next year;
 - Many moving parts with this projects – Kanoa are aware and dialogue continues;
 - Stead Street pump station – fish friendly pumps ordered; station design underway;
 - Increased local share of \$750,000 to \$1.5M to cope with the fish friendly pumps;
 - Update to be provided to Regional Services Committee;
 - Five other projects are behind – looking at how those works will be sequenced and completion dates. Discussing this with Kanoa currently;

With regard to the increased costs for the Stead Street pump station, it is not known if MBIE will increase its contribution, but that question will be asked. Working through the ability for fish to move both ways with the design consultant. Noted dealing with indigenous native fish beyond eels. The pumps to be installed are more efficient than those of the past, and significant power savings were expected. Life of the pumps is in the order of 70-80 years given their construction.

In response to questions from Cr McCallum staff advised it was clear some fish passage was already happening and gaining an understanding of that would be useful.

The risks to this project related largely to overall budget and delivery timeframes. The cost estimates had changed due to the need to change the type of pumps that were ordered. Also, a larger footprint was now involved as well, for the installation.

With regard to the Otepunui project – this requires significant investigation and design, which is about to commence, but the works will be integral to future-proofing Invercargill for some of the elevated estuary levels. There are also issues of capacity with the construction sector – given there is 3Waters stimulus funding rolling out as well.

[Rob Phillips and Bruce Robertson attended meeting 11.17 am]

Cr McCallum felt that it was important to pull out all the stops for the community – it might require mountains being moved – and it was important that the committee was kept abreast of this at a high level. Mr Strong agreed. He noted this was an ambitious programme of work.

Mr Phillips reinforced Cr McCallum's comments and also noted that Council was fortunate to have Ramon on board to lead this work. He also noted that ensuring staff wellbeing at the same time, with these significant additional workloads, was also crucial.

Mr Robertson raised questions in regard to the funding aspects, noting that the projects are about economic recovery outcomes as well as allowing Council to undertake work. Mr Strong confirmed Council was meeting the funder's needs with its aims in this regard. He confirmed all issues have been flagged with the funder, and staff continue to work with them on this. However, Council was significantly behind in some areas.

Mr Robertson reiterated the economic objectives and the range of outcomes that were being sought by government with regard to the projects - e.g. job creation with the J4N; requirements for growing small business; creating jobs for unemployed; these are all reporting requirements and council is required to report on how well meeting those. There would be challenges in working out what the methodology for assessing jobs created by these projects was used.

Cr Ludlow thanked Mr Strong and Ms Meade for their reports; noting the committee is keen to be regularly updated on this work. Cr McCallum – noted the new term – Kanoa – and suggested it would be helpful to have a glossary of terms used with this reporting going forward, and perhaps also on Council’s website.

Resolved:

Moved Cr McCallum, seconded Cr Baird, that Council note the progress report on the Economic Recovery projects.

Carried

10 Extraordinary and Urgent Business (*Panui Autaia hei Totoia Pakihi*)

There were no items of extraordinary or urgent business considered by the meeting.

11 Public Excluded Business (*He hui Pakihi e hara mo te iwi*)

Resolved:

Moved Cr Baird, seconded Chairman Horrell, that in accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest/s protected by section 6 or section 7 of that Act (or sections 6, 7 or 9 of the Official Information Act 1982, as the case may be), the public be excluded from the following parts of the proceedings of this meeting, namely:

- **Confirmation of Minutes – 19 May 2021**
- **Item 5 – Divisional Update**
- **Item 6 – Risk Management Framework**
- **Item 7 – Overview governance Level Risk Management.**

The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds for excluding the public, as specified by Section 48(1) of the Local Government Official Information and Meetings Act 1987, are set out below:

<i>General Subject Matter</i>	<i>Reason for Passing the Resolution</i>	<i>Grounds under S. 48(1)</i>
→ Confirmation of Minutes – 19 May 2011	To carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations.)	S.7(2)(i)
→ Item 5 – Divisional Update	To prevent the disclosure or use of official information for improper gain or advantage.	S.7(2)(j)
→ Item 6 – Risk Management Framework	To prevent the disclosure or use of official information for improper gain or advantage.	S.7(2)(j)
→ Item 7 – Overview Governance Level Risk Management		

It is further moved that and Rob Phillips, Chris Wood, Amy Kubrycht, Wilma Falconer, Tanea Hawkins, Fiona Young, Leana Tamati and Jan Brown 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 1.07 pm.