

Topic	What	Why	Committee action
Annual Audit review	Interim management report	Ensure Council operating procedures and policies are appropriate and managed	Review Audit comment and Council response
	Final management report	Ensure Council operating procedures and policies are appropriate and managed	Review Audit comment and Council response
Other reviews of Council operations		Ensure recommendations are well-founded and there is a robust plan of action	As required. Consideration of interest-free loan to Edale has been flagged once relevant information is received.
Natural disaster events	Annual insurance reviews	Ensure accurate, appropriate and cost-effective cover for all built assets	Review periodic updates from GM (Finance and Business Support) Committee has already reviewed whether to continue membership of LAPP.
	Business continuity	Ensure Council can maintain business operations	Review periodic updates from GM (Finance and Business Support)
	Disaster recovery	Ensure robust processes aligned with MCDEM requirements	Review periodic updates from GM (Finance and Business Support)
	Areas of unstable ground	Ensure awareness where land and buildings may be at risk	to be determined
Community facilities	Bulls community centre	Ensure robust project management for construction and fit-out	Review project plan and exception reporting to each meeting
	Marton civic centre	a) Ensure cost-effective option for new Civic Centre design	Review project plan and exception reporting to each meeting
		b) Ensure robust project management for construction and fit-out	Review project plan and exception reporting to each meeting
	Taihapa community facilities (on Memorial Park) and community centre (town hall site)	a) Ensure Memorial Park facility has external funding and community support	Review project plan and exception reporting to each meeting
		b) Ensure cost-effective and community support for new Civic Centre design	Review project plan and exception reporting to each meeting
Risk management framework	Alignment with national/sector approach	Ensure framework reflects sector good practice	Understand and give effect to LGRA expectations in the framework and follow-up actions
	Biennial reviews	Ensure framework reflects changing risk environment	Review proposed changes to framework and recommend to Council
	Half-year management actions to reduce risk	Ensure identified risks are being reduced	Review adequacy of management action and recommend any changes to actions at August and February meetings
Ongoing analysis of capital expenditure	Capacity	Ensure that projected capital work is realistic	Review proposed capital programme at October or December meetings
	Consenting requirements and timelines	Ensure that consenting requirements are reflected in capital programme	Briefing on consenting requirements at October meetings
	Carry-overs	Ensure that carry-overs are minimised	
Water supply	Drinking-water standards compliance	Ensure Council's potable water supplies address changes from Havelock North enquiry and government's timetable for implementing them	Understand government policy setting; review project plan for giving effect and exception reporting to each meeting
	Accurate billing for usage	Ensure that all water usage is paid for and that historical rights are correctly applied	Review project plan and exception reporting to each meeting

TABLED DOCUMENT

Tabled at ARK - item 8  
on 12 June 2017



Topic	What	Why	Committee action
FENZ funding risk	Costs of levy compared with former rural fire costs	Ensure budget implications in the restructuring of rural fire are clear	Understand likely cost of the levy structure for 2018/19 onwards at October 2017 meeting. Internal Affairs discussion document (13 March 2017 ) proposed to exempt roads, bridges, tunnels etc. and all water infrastructure (water/wastewater/stormwater reticulation and treatment, reservoirs etc.)
Alignment with Council strategic framework and key priorities	Progress with key priorities (reported monthly to relevant Council committees)	Ensure that the identified key priorities are implemented or modified to give effect to the strategic direction	Review draft consultation document for 2018-28 LTP at December 2017 meeting
Information management	Progress in implementing robust, integrated and accessible electronic corporate records systems	Ensure Council meets Public Records Act and LGOIMA requirements	Review periodic updates from GM (Finance and Business Support)
Future structure of local government	Statutory or LGC proposals over delivery of some or all services	Ensure Council understands (and applies) opportunities and risks from government policies	Review periodic updates from Chief Executive
Appetite for risk around consents	Policy and procedure for exercise of discretion and enforcement of Code requirements	Ensure Council and local building sector are clear on balance between compliance and discretion	Review periodic updates from Chief Executive
Infrastructure inspection regimes	Condition reporting reflects age, maintenance and incidents	Ensure that asset condition reporting is comprehensive, is reviewed against inspections, and is reflected in capital/renewal programmes	Review infrastructure strategy at October 2017 meeting

## RDC Risk Appetite - Consenting

- The primary development consents issued by Council are Building Consents, issued pursuant to the Building Act 2004 (BA) and the Resource Consents, issued pursuant to the Resource Management Act 1992 (RMA)
- Building consents are processed/issued via the Building Consent Authority (BCA) rather than the city/district council. This was a deliberate move by the Government to enable consents to be issued by independent entities, including a shared service arrangement or a private party. This means consents are issued within the policy framework of the resident city/district council.
- The BA includes provisions for Councils to exercise discretion through the granting of exemptions and waivers. These discretionary powers are broad, in that Councils may exempt any building work from any requirement, including the requirement for a consent and compliance with the Building Code. The caveat is that in exercising this power (i.e. not require a building consent or for the work to comply with the Building Code), Councils must be satisfied that the building work "is unlikely to endanger people or any building, whether on the same land or on other property." More specific discretion is provided for where buildings are altered, including increasing the number of household units.
- The Building Act exemption/waiver requirements can generally only be applied during the course of the consent process and BEFORE any work is undertaken. The BA provides for a Certificate of Acceptance (CoA) process, where work is done without a building consent and the applicant seeks confirmation that the work complies with the Building Code. In most cases a CoA cannot be issued because it is often possible to ascertain compliance (e.g. concrete floors have the right footings/steel reinforcing)

RDC has provided extensive delegated authority to the Chief Executive in relation to the implementation of the BA. The specific delegated authority is:

### *Building Act 2004*

*To undertake all of the Council's powers, duties and obligations under the Building Act 2004 OTHER than:*

*- the transfer of any function, power or duty to another local authority pursuant to Section 233 of that Act or the making of arrangements with any other building consent authority pursuant to Section 213 of that Act; and*

*- the fixing of any fees or charges in accordance with Section 219 of that Act.*

- In contrast, the RMA offers no such explicit provisions for exercising discretion or exemptions, although recent amendment area aimed at reducing consent process complexity and timeframes. In this case reliance is placed on the decision-making framework set out in the District Plan, which in itself is largely a discretionary framework (considers the extent of any adverse effects).
- The District Plan has recently been amended to remove or relax a number of administrative provisions and requirements (boundary set-backs being an example). In addition, where a consent is required, and neighbours consent is forthcoming, there is (subject to the extent of any adverse effects) wide scope to approve developments which might meet District Plan rules/standards.

**TABLED DOCUMENT**

Tabled at ARK - item 9a  
on 12 June 2017

The underlying principle of both the BA and RMA, is that activities/buildings lawfully established generally retain existing use rights. These rights effectively expire where a change of use occurs or the nature/scale of the activity increases significantly.

In the course of processing building or resource consents, staff continually exercise judgement as to whether the full 'letter of the law' shall apply. In many, cases staff exercise discretion having regard to the individual circumstances of each case. In these situations the intent of law is achieved, and therefore the risk to Council is negligible.

Beyond consent processing staff exercising their professional judgement, any decision to utilise the formal provisions of legislation (principally the BA) will only be taken by senior staff (i.e. divorced from the consenting function). This ensures that the integrity of BCA function, which is subject to a statutory accreditation process, involving regular independent audit. It is critical that any decision by a council to exercise the exemption/waiver provisions of the BA is done so in a matter that doesn't compromise the status of the BCA.

The following table sets out some examples of discretions recently sought and consequential outcome.

Building Act 2004		
Earthquake strengthening in a building that doesn't meet current Building Code requirements	Granted	Consent required but requirement to upgrade rest of building to meet code requirement not imposed
Fire Wall on a boundary	Granted	Nature of adjoining property such that no building work will occur, so Fire Wall waiver granted
Change of use to a building previously used for commercial purposes) (addition of a household unit)	Not Granted	Owner unable to demonstrate people/building safety

Resource Management Act 2004 (District Plan)		
Construction of a separate garage/shed in the Hazard 2 (Flood) zone where the floor will be lower than 500mm above the predicted 1 in 200 year flood event.	Granted	Non-habitable building with low risk on inundation
Construction of a new residential building in the Hazard 2 (Flood) zone, where the garage floor will be lower than 500mm above the predicted 1 in 200 year flood event.	Granted	Non-habitable part of a building with low risk on inundation

Principles for exercising discretion:

1. All new builds are expected to comply with the relevant standards
2. Earthquake strengthening works alone won't trigger a requirement to upgrade the building
3. Requests for exemptions/waivers/discretion won't be considered outside of a (building) consent process (i.e. not after the work has been done). Note that CoA process still available.
4. Where Council is aware of non-compliant building work, a notice to fix will be issued.  
Removing/upgrading non-compliant work within the scope of a building consent will allow for the consideration of exemptions/waivers
5. Adaptive re-use of disused/under-used commercial buildings is to be encouraged/supported
6. No exemptions/waivers will be granted where people/fire/structural safety is compromised.





## TABLED DOCUMENT

Tabled at ARK - item 9b  
on 12 June 2017

# New Zealand Legislation Building Act 2004

- Warning: Some amendments have not yet been incorporated

### *Change of use, extension of life, and subdivision of buildings*

#### **114 Owner must give notice of change of use, extension of life, or subdivision of buildings**

- (1) In this section and section 115, **change the use**, in relation to a building, means to change the use of the building in a manner described in the regulations.
- (2) An owner of a building must give written notice to the territorial authority if the owner proposes—
  - (a) to change the use of a building; or
  - (b) to extend the life of a building that has a specified intended life; or
  - (c) to subdivide land in a manner that affects a building.
- (3) A person commits an offence if the person fails to comply with subsection (2).
- (4) A person who commits an offence under this section is liable on conviction to a fine not exceeding \$5,000.

Compare: 1991 No 150 s 46(1)

Section 114(4): amended, on 1 July 2013, by section 413 of the Criminal Procedure Act 2011 (2011 No 81).



**TABLED DOCUMENT**

Tabled at ARK-item 9c

on 12 June 2017

## New Zealand Legislation

# Building Act 2004

- Warning: Some amendments have not yet been incorporated

### 115 Code compliance requirements: change of use

An owner of a building must not change the use of the building,—

- (a) in a case where the change involves the incorporation in the building of 1 or more household units where household units did not exist before, unless the territorial authority gives the owner written notice that the territorial authority is satisfied, on reasonable grounds, that the building, in its new use, will comply, as nearly as is reasonably practicable, with the building code in all respects; and
- (b) in any other case, unless the territorial authority gives the owner written notice that the territorial authority is satisfied, on reasonable grounds, that the building, in its new use,—
  - (i) will comply, as nearly as is reasonably practicable, with every provision of the building code that relates to the following:
    - (A) means of escape from fire, protection of other property, sanitary facilities, structural performance, and fire-rating performance;
    - (B) access and facilities for people with disabilities (if this is a requirement under section 118); and
  - (ii) will,—
    - (A) if it complied with the other provisions of the building code immediately before the change of use, continue to comply with those provisions; or
    - (B) if it did not comply with the other provisions of the building code immediately before the change of use, continue to comply at least to the same extent as it did then comply.

Compare: 1991 No 150 s 46(2)

Section 115(b): replaced, on 28 November 2013, by section 24 of the Building Amendment Act 2013 (2013 No 100).





**TABLED DOCUMENT**

Tabled at ARK-item 9d  
on 12 June 2017

# New Zealand Legislation

## Building Act 2004

- Warning: Some amendments have not yet been incorporated

### Schedule 1

#### Building work for which building consent not required

s 12

Schedule 1: replaced, on 28 November 2013 (but building work for which a building consent was not required under old Schedule 1 but for which a building consent is required under new Schedule 1 does not require a building consent if the building work commenced before this date), by section 73(1) of the Building Amendment Act 2013 (2013 No 100).

Schedule 1 heading: amended, on 1 January 2017, by section 18(1) of the Building (Pools) Amendment Act 2016 (2016 No 71).

### Part 1

#### Exempted building work

##### *General*

#### **1 General repair, maintenance, and replacement**

- (1) The repair and maintenance of any component or assembly incorporated in or associated with a building, provided that comparable materials are used.
- (2) Replacement of any component or assembly incorporated in or associated with a building, provided that—
  - (a) a comparable component or assembly is used; and
  - (b) the replacement is in the same position.
- (3) However, subclauses (1) and (2) do not include the following building work:
  - (a) complete or substantial replacement of a specified system; or
  - (b) complete or substantial replacement of any component or assembly contributing to the building's structural behaviour or fire-safety properties; or
  - (c) repair or replacement (other than maintenance) of any component or assembly that has failed to satisfy the provisions of the building code for durability, for example, through a failure to comply with the external moisture requirements of the building code; or
  - (d) sanitary plumbing or drainlaying under the Plumbers, Gasfitters, and Drainlayers Act 2006.

#### **2 Territorial and regional authority discretionary exemptions**

Any building work in respect of which the territorial authority or regional authority considers that a building consent is not necessary for the purposes of this Act because the authority considers that—

- (a) the completed building work is likely to comply with the building code; or
- (b) if the completed building work does not comply with the building code, it is unlikely to endanger people or any building, whether on the same land or on other property.

### **3 Single-storey detached buildings not exceeding 10 square metres in floor area**

- (1) Building work in connection with any detached building that—
- (a) is not more than 1 storey (being a floor level of up to 1 metre above the supporting ground and a height of up to 3.5 metres above the floor level); and
  - (b) does not exceed 10 square metres in floor area; and
  - (c) does not contain sanitary facilities or facilities for the storage of potable water; and
  - (d) does not include sleeping accommodation, unless the building is used in connection with a dwelling and does not contain any cooking facilities.
- (2) However, subclause (1) does not include building work in connection with a building that is closer than the measure of its own height to any residential building or to any legal boundary.

### **4 Unoccupied detached buildings**

- (1) Building work in connection with any detached building that—
- (a) houses fixed plant or machinery and under normal circumstances is entered only on intermittent occasions for the routine inspection and maintenance of that plant or machinery; or
  - (b) is a building, or is in a vicinity, that people cannot enter or do not normally enter; or
  - (c) is used only by people engaged in building work—
    - (i) in relation to another building; and
    - (ii) for which a building consent is required.
- (2) However, subclause (1) does not include building work in connection with a building that is closer than the measure of its own height to any residential building or to any legal boundary.

### **5 Tents, marquees, and similar lightweight structures**

Building work in connection with any tent or marquee, or any similar lightweight structure (for example, a stall, booth, or compartment used at fairs, exhibitions, or markets) that—

- (a) does not exceed 100 square metres in floor area; and
- (b) is to be, or has been, used for a period of not more than 1 month.

### **6 Pergolas**

Building work in connection with a pergola.

### **7 Repair or replacement of outbuilding**

The repair or replacement of all or part of an outbuilding if—

- (a) the repair or replacement is made within the same footprint area that the outbuilding or the original outbuilding (as the case may be) occupied; and
- (b) in the case of any replacement, the replacement is made with a comparable outbuilding or part of an outbuilding; and
- (c) the outbuilding is a detached building that is not more than 1 storey; and
- (d) the outbuilding is not intended to be open to, or used by, members of the public.

*Existing buildings: additions and alterations*

### **8 Windows and exterior doorways in existing dwellings and outbuildings**

Building work in connection with a window (including a roof window) or an exterior doorway in an existing dwelling that is not more than 2 storeys or in an existing outbuilding that is not more than 2 storeys, except,—

- (a)



in the case of replacement, if the window or doorway being replaced has failed to satisfy the provisions of the building code for durability, for example, through a failure to comply with the external moisture requirements of the building code; or

- (b) if the building work modifies or affects any specified system.

**9 Alteration to existing entrance or internal doorway to facilitate access for persons with disabilities**

Building work in connection with an existing entrance or internal doorway of a detached or semi-detached dwelling to improve access for persons with disabilities.

**10 Interior alterations to existing non-residential building**

Building work in connection with the interior of any existing non-residential building (for example, a shop, office, library, factory, warehouse, church, or school) if the building work—

- (a) does not modify or affect the primary structure of the building; and
- (b) does not modify or affect any specified system; and
- (c) does not relate to a wall that is—
  - (i) a fire separation wall (also known as a firewall); or
  - (ii) made of units of material (such as brick, burnt clay, concrete, or stone) laid to a bond in and joined together with mortar; and
- (d) does not include sanitary plumbing or drainlaying under the Plumbers, Gasfitters, and Drainlayers Act 2006.

**11 Internal walls and doorways in existing building**

Building work in connection with an internal wall (including an internal doorway) in any existing building unless the wall is—

- (a) load-bearing; or
- (b) a bracing element; or
- (c) a fire separation wall (also known as a firewall); or
- (d) part of a specified system; or
- (e) made of units of material (such as brick, burnt clay, concrete, or stone) laid to a bond in and joined together with mortar.

**12 Internal linings and finishes in existing dwelling**

Building work in connection with any internal linings or finishes of any wall, ceiling, or floor of an existing dwelling.

**13 Thermal insulation**

Building work in connection with the installation of thermal insulation in an existing building other than in—

- (a) an external wall of the building; or
- (b) an internal wall of the building that is a fire separation wall (also known as a firewall).

**14 Penetrations**

- (1) Building work in connection with the making of a penetration not exceeding 300 millimetres in diameter to enable the passage of pipes, cables, ducts, wires, hoses, and the like through any existing dwelling or outbuilding and any associated building work, such as weatherproofing, fireproofing, or sealing, provided that—

- (a)

in the case of a dwelling, the dwelling is detached or in a building that is not more than 3 storeys;  
and

- (b) in the case of an outbuilding, the outbuilding is detached and is not more than 3 storeys.
- (2) In the case of an existing building to which subclause (1) does not apply, building work in connection with the making of a penetration not exceeding 300 millimetres in diameter to enable the passage of pipes, cables, ducts, wires, hoses, and the like through the building and any associated building work, such as weatherproofing, fireproofing, or sealing, provided that the penetration—
- (a) does not modify or affect the primary structure of the building; and
  - (b) does not modify or affect any specified system.

## **15 Closing in existing veranda or patio**

Building work in connection with the closing in of an existing veranda, patio, or the like so as to provide an enclosed porch, conservatory, or the like with a floor area not exceeding 5 square metres.

## **16 Awnings**

Building work in connection with an awning that—

- (a) is on or attached to an existing building; and
- (b) is on the ground or first-storey level of the building; and
- (c) does not exceed 20 square metres in size; and
- (d) does not overhang any area accessible by the public, including private areas with limited public access, for example, restaurants and bars.

## **17 Porches and verandas**

Building work in connection with a porch or a veranda that—

- (a) is on or attached to an existing building; and
- (b) is on the ground or first-storey level of the building; and
- (c) does not exceed 20 square metres in floor area; and
- (d) does not overhang any area accessible by the public, including private areas with limited public access, for example, restaurants and bars.

## **18 Carports**

Building work in connection with a carport that—

- (a) is on the ground level; and
- (b) does not exceed 20 square metres in floor area.

Schedule 1 clause 18: replaced, on 30 June 2016, by clause 3 of the Building (Exempt Building Work) Order 2016 (LI 2016/108).

## **19 Shade sails**

Building work in connection with a shade sail made of fabric or other similar lightweight material, and associated structural support, that—

- (a) does not exceed 50 square metres in size; and
- (b) is no closer than 1 metre to any legal boundary; and
- (c) is on the ground level, or, if on a building, on the ground or first-storey level of the building.

### *Other structures*

## **20 Retaining walls**

Building work in connection with a retaining wall that—

- (a) retains not more than 1.5 metres depth of ground; and



- (b) does not support any surcharge or any load additional to the load of that ground (for example, the load of vehicles).

## **21 Fences and hoardings**

- (1) Building work in connection with a fence or hoarding in each case not exceeding 2.5 metres in height above the supporting ground.

- (2) Subclause (1) does not include a fence or hoarding to restrict access to a residential pool.

Schedule 1 clause 21(2): replaced, on 1 January 2017, by section 18(2) of the Building (Pools) Amendment Act 2016 (2016 No 71).

## **21A Means of restricting access to small heated pools**

Installation of a safety cover as a means of restricting access to a small heated pool that is a residential pool.

Schedule 1 clause 21A: inserted, on 1 January 2017, by section 18(3) of the Building (Pools) Amendment Act 2016 (2016 No 71).

## **22 Dams (excluding large dams)**

Building work in connection with a dam that is not a large dam.

## **23 Tanks and pools**

Building work in connection with a tank or pool and any structure in support of the tank or pool, including any tank or pool that is part of any other building for which a building consent is required, that—

- (a) does not exceed 500 litres capacity and is supported not more than 4 metres above the supporting ground; or
- (b) does not exceed 1 000 litres capacity and is supported not more than 3 metres above the supporting ground; or
- (c) does not exceed 2 000 litres capacity and is supported not more than 2 metres above the supporting ground; or
- (d) does not exceed 4 000 litres capacity and is supported not more than 1 metre above the supporting ground; or
- (e) does not exceed 8 000 litres capacity and is supported not more than 0.5 metres above the supporting ground; or
- (f) does not exceed 16 000 litres capacity and is supported not more than 0.25 metres above the supporting ground; or
- (g) does not exceed 35 000 litres capacity and is supported directly by ground.

Schedule 1 clause 23 heading: amended, on 1 January 2017, by section 18(4) of the Building (Pools) Amendment Act 2016 (2016 No 71).

Schedule 1 clause 23: amended, on 1 January 2017, by section 18(5) of the Building (Pools) Amendment Act 2016 (2016 No 71).

## **24 Decks, platforms, bridges, boardwalks, etc**

Building work in connection with a deck, platform, bridge, boardwalk, or the like from which it is not possible to fall more than 1.5 metres even if it collapses.

## **25 Signs**

Building work in connection with a sign (whether free-standing or attached to a structure) and any structural support of the sign if—

- (a) no face of the sign exceeds 6 square metres in surface area; and
- (b) the top of the sign does not exceed 3 metres in height above the supporting ground level.

## **26 Height-restriction gantries**

Building work in connection with a height-restriction gantry.

**27 Temporary storage stacks**

Building work in connection with a temporary storage stack of goods or materials.

**28 Private household playground equipment**

Building work in connection with playground equipment if—

- (a) the equipment is for use by a single private household; and
- (b) no part of the equipment exceeds 3 metres in height above the supporting ground level.

*Network utility operators or other similar organisations*

**29 Certain structures owned or controlled by network utility operators or other similar organisations**

Building work in connection with a motorway sign, stopbank, culvert for carrying water under or in association with a road, or other similar structure that is—

- (a) a simple structure; and
- (b) owned or controlled by a network utility operator or other similar organisation.

*Demolition*

**30 Demolition of detached building**

The complete demolition of a building that is detached and is not more than 3 storeys.

**31 Removal of building element**

The removal of a building element from a building that is not more than 3 storeys, provided that the removal does not affect—

- (a) the primary structure of the building; or
- (b) any specified system; or
- (c) any fire separation.

**Part 2**

**Sanitary plumbing and drainlaying carried out by person authorised under Plumbers, Gasfitters, and Drainlayers Act 2006**

*Plumbing and drainage*

**32 Repair, maintenance, and replacement**

- (1) The repair and maintenance of any sanitary plumbing and drainage in or associated with a building, provided that comparable materials are used.
- (2) Replacement of sanitary plumbing and drainage in or associated with a building, provided that—
  - (a) a comparable component or assembly is used; and
  - (b) the replacement is in the same position.
- (3) However, subclauses (1) and (2) do not include the following building work:
  - (a) complete or substantial replacement of a specified system; or
  - (b) repair or replacement (other than maintenance) of any component or assembly that has failed to satisfy the provisions of the building code for durability, for example, through a failure to comply with the external moisture requirements of the building code; or
  - (c) repair or replacement of any water heater (unless permitted under clauses 36 to 38).



### **33 Drainage access points**

The opening and reinstatement of any purpose-made access point within a drainage system that is not a NUO system or part of a NUO system.

### **34 Minor alteration to drains**

- (1) Alteration to drains for a dwelling if the alteration is of a minor nature, for example, shifting a gully trap.
- (2) Subclause (1) does not include making any new connection to a service provided by a network utility operator.

### **35 Alteration to existing sanitary plumbing (excluding water heaters)**

- (1) Alteration to existing sanitary plumbing in a building, provided that—
  - (a) the total number of sanitary fixtures in the building is not increased by the alteration; and
  - (b) the alteration does not modify or affect any specified system.
- (2) Subclause (1) does not include an alteration to a water heater.

#### *Water heaters*

### **36 Repair and maintenance of existing water heater**

The repair or maintenance of any existing water heater using comparable materials, comparable components, or a comparable assembly.

### **37 Replacement of open-vented water storage heater connected to supplementary heat exchanger**

The replacement of any water-storage heater connected to a solid-fuel heater or other supplementary heat exchanger if the replacement—

- (a) is a comparable open-vented water storage heater; and
- (b) is fixed in the same position, and uses the same pipework, as the replaced water storage heater.

### **38 Replacement or repositioning of water heater that is connected to, or incorporates, controlled heat source**

The replacement of any water heater (including the repositioning of an existing water heater) if the replacement water heater is connected to, or incorporates, a controlled heat source or, if connected to or incorporating more than 1 heat source, 2 or more heat sources all of which are controlled.

## **Part 3**

### **Building work for which design is carried out or reviewed by chartered professional engineer**

#### **39 Signs**

Building work in connection with any sign (whether freestanding or attached to a structure) and any structural support of the sign.

#### **40 Plinths**

Building work in connection with any plinth or similar foundation if the plinth or foundation supports plant, a tank, equipment, machinery, or any similar item.

#### **41 Retaining walls**

- (1) Building work in connection with a retaining wall in a rural zone, if—
  - (a) the wall retains not more than 3 metres depth of ground; and

- (b) the distance between the wall and any legal boundary or existing building is at least the height of the wall.
- (2) In subclause (1), **rural zone** means any zone or area (other than a rural residential area) that, in the district plan of the territorial authority in whose district the building work is to be undertaken, is described as a rural zone, rural resource area, or rural environment, or by words of similar meaning.

**42 Certain public playground equipment**

Building work in connection with playground equipment if the work is for a government department, Crown entity, licensed early childhood centre, territorial or regional authority, or other similar public organisation.

**43 Removal of sign, plinth, retaining wall, or public playground equipment**

The removal of any of the structures referred to in clauses 39 to 42, whether or not the design of the structure has been carried out or reviewed by a chartered professional engineer.

TABLED DOCUMENT

Tabled at ARK - item 10

On 12 June 2017

# Auditing the 2018-28 Long Term Plan

Rangitikei District Council – 12 June 2017

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa



# What I'm going to cover

- Consultation document
- Infrastructure strategy
- Financial strategy
- Assumptions
- Long term Plan

# Consultation Document - Purpose



Section 93B

**To provide an effective basis for public participation relating to the content of a long-term plan**

# Consultation Document – our approach

As auditors we are to provide an opinion on whether the consultation document meets this purpose and whether it will prompt the right debate within the community.

To do this we effectively are asking 5 questions...



# Consultation Document – our approach

1. Do you know what you are talking about?
2. Are there any blind spots or obvious gaps?
3. Are you putting the tools together and doing the right level of thinking?
4. Are you explaining what it means for people?
5. Overall does it work? Is it sensible?



# Consultation Document considerations

- Clear introduction to the significant issues
- Explanation of issues, options and implications
- Consider non-key issues that are important to the community
- Attention to significance and engagement policy
- Access to information supporting the consultation document
- Think about length – quantity does not always equal quality
- Sufficient time is needed for preparation

# Infrastructure Strategy

## Infrastructure strategies with strong characteristics:

- took a longer outlook than the minimum 30-year requirement and included more than the required asset activities;
- were well integrated to the wider context of the Council and particularly to key financial information;
- were clear about the implications of the uncertainty on the reliability of asset information; and
- were clear about the effect of change on infrastructure needs.

# Infrastructure Strategy

## Common issues in 2015

Not strategic – just a summary of asset management plans

Lack of linkage to significant consultation issues

No explanation of approach to balancing maintenance and renewals or life-cycle management

Lack of disclosure or assessment of reliability of asset data, impacts on assumptions of condition and performance of assets, risk of failure

Did not explain approaches to affordability challenges

Assumed ability of readers to access other related documents – did not effectively standalone



# Financial Strategy

Financial strategy guidance from 2012 still stands as useful:

## Financial strategy guidance

	Principal criteria
1	Does the strategy adequately explain/summarise the intended level of service (including consideration of the renewal profiles evident within asset management plans) and associated cost implications for both operating and capital expenditure?
2	Does the strategy adequately explain/summarise the intended revenue flows (all key funding flows including rates, development contributions, and other key revenue items), the use of debt (including internal borrowings), and associated funding implications?
3	Does the financial strategy clearly set out a strategic "destination"/end point? If the strategy is designed to achieve a particular financial position with implications for the community, are these made clear?



# Financial Strategy – other things to consideration

- Impacts of changing demographics – ageing, growing or declining - on infrastructure demands
- Impacts of economic development initiatives or external impacts on commercial activity and employment on infrastructure demands
- Adequacy of alignment of accounting concepts with actual asset lifecycles
- Impact of assumptions and uncertainty

# Assumptions – Schedule 10 clause

17

*... must clearly identify:*

- (a) All significant forecasting assumptions and risks*
- (b) Must cover life cycle of significant assets and source of funds for future replacement*
- (c) Where there is a high level of uncertainty – explain the uncertainty and estimate the potential effects of the uncertainty on the financial forecasts.*

# Long Term Plan – Purpose

The purpose (section 93(6)) of the Long Term Plan is:

- Describe the activities of the local authority;
- Describe community outcomes
- Provide integrated decision-making and co-ordination of the resources of the local authority
- Provide a long term focus for the decisions and activities of the local authority; and
- Provide a basis for accountability of the local authority to the community



# Long Term Plan - our approach



Our focus over the Long Term Plan is to determine whether it meets the purpose and is of appropriate quality:

Our approach is to:

- Gain an understanding of the changes arising as a result of the consultation process and assess the appropriateness of the changes throughout the LTP
- Review the reasonableness of the LTP, including certain disclosures contained within it.
- Confirm whether the prospective financial information complies with the requirements of GAAP.



# Any Questions?

?



# Revising the risk management framework

**TABLED DOCUMENT**

Tabled at ARK - item 13

on 12 June 2017

Preparing for a sector-wide approach





# Current framework

- Based on ISO31001
- Adopts generic risks for all councils (with some additions)
- Applies risk matrix (likelihood x consequence)
- Assesses raw risk and present risk (i.e. residual risk)
- Includes assessment of effectiveness of controls
- Council determines which risks are accepted and which are not
- Management determines actions to address risks not accepted and reports six-monthly to Committee
- Framework formally reviewed every two years.



# Extract from current framework

		Consequence and likelihood			PRESENT SYSTEMS AND PROCESSES	Accept risk	Comment/proposed act
		RAW RISK	PRESENT RISK	EFFECTIVENESS			
Governance							
1.1	Conflicts of interest of Council members	C2	B3	4	Induction process after each triennial election; Register maintained by Executive Officer, EM knowledge of one another's interests; noted in Elected Members Handbook; on agenda for every Council meeting	yes	
1.2	Council members do not fulfil their roles and responsibilities; periodic Elected Member only discussions.	C1	B1	3	Peer pressure; Mayor's oversight	yes	



# Risk matrix

		Likelihood				
		Almost certain	Likely	Possible	Unlikely	Rare
Consequences or Impact	Catastrophic	Extreme	Extreme	Extreme	High	High
	Major	Extreme	Extreme	High	High	Moderate
	Moderate	Extreme	Extreme	High	Moderate	Low
	Minor	Extreme	High	Moderate	Low	Low
	Insignificant	High	High	Moderate	Low	Low

*See table 2 of the Risk management policy for meaning of impacts in terms of human life, service levels. The environment, compliance and corporate governance, financial performance and community/political*

		Likelihood				
		Almost certain	Likely	Possible	Unlikely	Rare
Consequences or Impact	Catastrophic	E8	E7	E5	D8	D6
	Major	E6	E4	D7	D5	C4
	Moderate	E3	E2	D4	C3	B4
	Minor	E1	D3	C2	B3	B2
	Insignificant	D2	D1	C1	B1	A

# LGNZ sector critique

- Overlapping and confusing terms
- Lack of integration with CDEM and key issues (e.g. climate change, sustainable development)
- Low profile for 'resilience'
- Inadequate awareness of the range of hazards and types of risk
- Lack of clarity over managing residual risks
- Insufficient risk management knowledge, skill and resources





# Key concepts

- Likelihood x consequence = risk (present matrix approach)
- Risk is where hazard, vulnerability and exposure overlap
- Exposure x sensitivity x adaptive capacity = vulnerability
- Understanding 'events' –
  - sources and consequences
  - types – natural, technological and human-caused
  - 'stress' (long-term, e.g. gradual asset deterioration, sea-level rise) and 'shock' (sudden, e.g. earthquake, sabotage)
  - failure modes - linear and complex



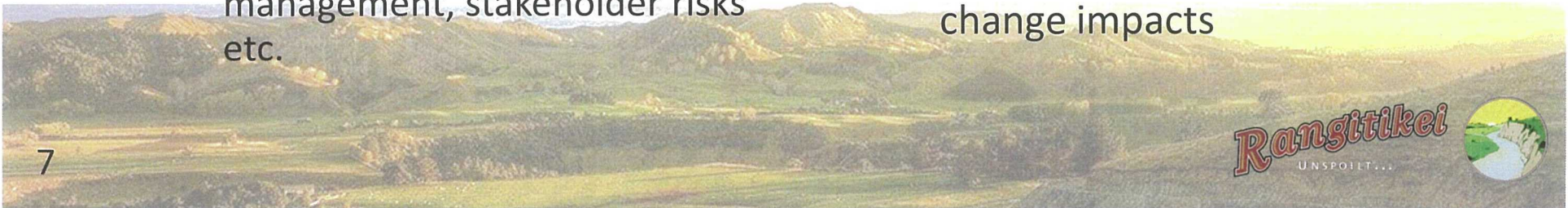
# Two distinct areas of risk

## Intrinsic

- Corporate level
  - Governance, business, financial, legal/compliance, asset, IT, human resources, and health and safety risks
- Activity
  - Asset, delivery, planning and management risks
- Project level
  - Project management, health and safety, financial management, stakeholder risks etc.

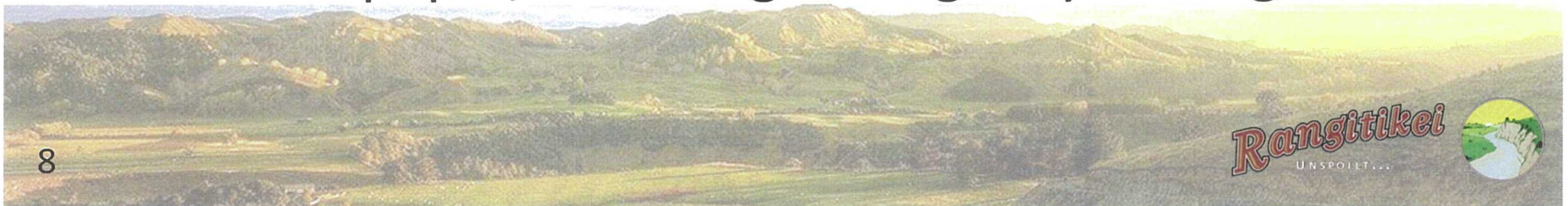
## Extrinsic

- Corporate level
  - Hazard impacts on communities, climate change impacts, societal (including inequality and equity), economic factors, resource scarcity
- Activity level
  - Hazard impacts on communities and climate change impacts



# 1<sup>st</sup> change – add extrinsic risks

- Current risk framework entirely intrinsic and at corporate level, except for **Natural resources and hazards**:
  - Inappropriate planning processes leading to degradation of rural and urban environment through pollution, inappropriate and/or excessive use, or neglect
  - Inaccurate or inept response to the District's natural hazards
- Wider spectrum to match that proposed in LGNZ issues paper, including emergency management





# Four models

- Status quo (for Rangitikei)
- Deeper analysis of raw risk by including vulnerability and consequence of failure – 2 approaches:
  - Integrate within likelihood and consequence
  - Distinguish vulnerability and resilience as distinct factor
- Include consideration of resilience ('coping with failure') before determining the risk treatment, including
  - organisation and community resilience
  - asset robustness and redundancy





## 2<sup>nd</sup> step – extend tolerance levels to comment on vulnerability

Table 2--Tolerance levels for consequence and likelihood						
REVISED November 2015						
Consequence	Death or injury	Service	Environment	Compliance, corporate governance, information	Financial performance	Community & political
Catastrophic	20 or more deaths..Triage fails	Loss of service (water, sewage) in two or more urban areas for more than 72 hours..Loss of road access to more than 100 properties for more than 2 weeks or closure of more than 50% of the arterial and collector roading network for more than 2 weeks	Unauthorised discharge resulting in substantial and prolonged breach of environmental requirements	Ministerial appointment of Commission or call general election (ss.258F-MLG 2002)..Irrecoverable loss of business-critical information	Substantial increase in rates due to single unplanned loss (greater than \$5 million)	Physical violence and intimidation..Substantial and widespread vandalism on Council buildings



# 3<sup>rd</sup> step – extend effectiveness of controls to include external linkages (MCDEM, other councils, government polices etc.)

Control effectiveness ratings

Rating	Effectiveness	Description	Quantification
0	Not effective	This control does not address risk	0%
1	Slightly effective	The control is not reliable as it is not well-designed, documented and/or communicated	1-20% effective
2	Somewhat effective	Control may be reliable but not very effective as control design can be improved	21-40% effective
3	Reasonable effective	Control is reliable but not effective as documentation and/or communication could be improved.	41-60% effective
4	Mostly effective	Control is mostly reliable and effective. Documentation exists but can be better communicated.	61-80% effective
5	Very effective	Control is reliable and effective. Fully documented process and well communicated.	81-100% effective





# August 2017 meeting

- Final half-year report on actions to reduce risk in current framework
- Update on LGNZ project
- Review proposed changes to 'Council's strategic approach to risk.....'
  - Extrinsic and intrinsic risks
  - Tolerance levels
  - Effectiveness of controls
- Review proposed framework (including consideration of further work arising from LGNZ project)
- Determine risks not accepted for management action (first report to February 2018 meeting)

