



NOTICE OF A RISK AND ASSURANCE COMMITTEE MEETING

**Opotiki District Council Chambers, 108 St John Street, Opotiki
Monday, 1 August 2022
Commencing at 10.00am**

ORDER PAPER

APOLOGIES

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

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PUBLIC EXCLUDED BUSINESS

ITEM 07 CONFIRMATION OF IN-COMMITTEE MINUTES – 14 JUNE 2022	
ITEM 08 HEALTH, SAFETY, WELLBEING AND HUMAN RESOURCES REPORT	
ITEM 09 IANZ – BUILDING CONSENT AUTHORITY ACCREDITATION INITIAL ASSESSMENT REPORT	
ITEM 10 RESOLUTION TO RESTATE RESOLUTIONS AND READMIT THE PUBLIC	

Independent Chairperson: Philip Jones

Members: Cr Steve Nelson
Cr Debi Hocart

Ex-Officio: Mayor Lyn Riesterer

Committee Secretary: Gae Finlay

Quorum: 2

LOCAL AUTHORITIES (MEMBERS' INTERESTS) ACT 1968

Councillors are reminded that if you have a pecuniary or non-pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the Council chamber.

Miles McConway
INTERIM CHIEF EXECUTIVE OFFICER

RISK AND ASSURANCE COMMITTEE TERMS OF REFERENCE

1. The Risk and Assurance Committee is a Committee of the Ōpōtiki District Council.

2. Objective

The objective of the Committee is to assist the Council in carrying out its duties in regard to financial reporting and legal compliance.

3. Membership

Independent Chairperson: Philip Jones

Members: Councillor Nelson, Councillor Hocart

Ex-Officio: Mayor Riesterer

4. Meetings

4.1 A quorum is two members.

4.2 The Committee shall meet as needed but in any event, at least annually.

4.3 Notice of meetings shall be in accordance with the requirements set out in the Local Government Act 2002.

5. Terms of Reference

The Risk and Assurance Committee will:

1. *Review Council's annual financial statements with Council management and the Auditors prior to their approval by Council.*
2. *Oversee statutory compliance in terms of financial disclosure.*
3. *Monitor corporate risk assessment and internal risk mitigation measures and oversee:*
 - *Council's risk management framework*
 - *internal control environment*
 - *legislative and regulatory compliance*
 - *internal audit and assurance*
 - *oversee risk identification on significant projects*
 - *compliance to Treasury Risk Management Policies.*
4. *Review the effectiveness of Council's external accountability reporting (including non-financial performance).*
5. *Conduct the process for the Chief Executive's performance, for report to Council.*
6. *Draw to the attention of Council any matters that are appropriate.*

7. *Investigate and report on any matters referred to the Committee by Council. The circumstances the Council may refer matters to the Risk and Assurance Committee include:*
- a. *Any significant issues arising from the financial management of councils affairs.*
 - b. *Any complaints against elected members or alleged breaches of the Council's Code of Conduct.*
 - c. *Any significant issues arising from Audit New Zealand processes.*
 - d. *Due Diligence on strategic asset acquisition or disposal.*
 - e. *Setting up of Council Controlled Organisations.*
 - f. *Development of a Council risk assessment and mitigation strategies.*

6. **Authority**

- 6.1 The Committee is authorised to investigate any activity referred to it by Council resolution. It is authorised to seek any reasonable information it requires from Council staff.
- 6.2 The Committee is authorised by the Council to obtain outside legal or other independent professional advice and to arrange for the attendance at meetings of outside parties with relevant experience and expertise if it considers this necessary.



MINUTES OF AN ŌPŌTIKI DISTRICT COUNCIL RISK AND ASSURANCE COMMITTEE MEETING HELD ON TUESDAY, 14 JUNE 2022, IN THE ŌPŌTIKI DISTRICT COUNCIL CHAMBERS, 108 ST JOHN STREET, ŌPŌTIKI AT 10.00AM

PRESENT:

Philip Jones (Chairperson)
Councillor Steve Nelson
Mayor Lyn Riesterer (via Zoom)

IN ATTENDANCE:

Aileen Lawrie (Chief Executive Officer)
Gerard McCormack (Group Manager Planning and Regulatory)
Stace Lewer (Group Manager Engineering and Services)
Peter Bridgwater (Group Manager Finance and Corporate Services)
Anna Hayward (Group Manager Community Services and Development)
Gae Finlay (Executive Assistant and Governance Support Officer)

Councillor Barry Howe
Councillor Moore

The Chairperson welcomed everyone to the meeting.

APOLOGY

Councillor Hocart.

RESOLVED

(1) That the apology be sustained.

Nelson/Jones

Carried

DECLARATION OF ANY INTERESTS IN RELATION TO OPEN MEETING AGENDA ITEMS

Nil.

1. CONFIRMATION OF MINUTES – RISK AND ASSURANCE COMMITTEE MEETING 2 MAY 2022 **p5**

RESOLVED

- (1) That the minutes of the Risk and Assurance Committee meeting held on 2 May 2022 be confirmed as a true and correct record.**

Jones/Nelson

Carried

2. ANNUAL PLAN ADOPTION RECOMMENDATION **p16**

The Group Manager Finance and Corporate Services stated that the exact rating amount are to be finalised, but differences will be in the order of cents.

The Chairperson queried the risks around the Annual Plan.

The Group Manager Finance and Corporate Services said prudence benchmarks are one of the measures indicated as not being met. The CPI for the period is 6.9%. Our budgets are based on our current expectations of cost and if we continue to see unexpected cost increases our capital programmes may be at risk because of that. Within each activity there may be issues in delivering that capital programme. There are projects which have been carried to next year. Council may struggle to deliver the full capital programme.

Responding to a query around a strategy to minimise the risk of not delivering the capital programme, the Group Manager Engineering and Services stated a number of actions are in the process of being implemented. One is around project scope, clearly defined scope. A Project Management Framework has been developed aimed to improve delivery of capital projects.

The Chief Executive Officer noted that reports to the management team, the Risk and Assurance Committee along with the Engineering department having a full complement of staff puts Council in a better starting point for delivery.

The Chairperson asked about contractor availability.

The Group Manager Engineering and Services advised that quite a number of tenders go out and good responses are received. Currently, there are no projects which have had to re-tendered. It is also

beneficial that Council is part of the Eastern Bay of Plenty Capital Construction Group. Also, work is being packaged to give a scale that would attract other contractors to the area.

The Chairperson said an eye needs to be kept on interest rate fluctuations; with a strategy to manage those by locking in interest rates.

The Group Manager Finance and Corporate Services stated that Council has a substantial amount of cash in the bank due to grant funding, so are not looking at drawing down loans that are not needed.

In response to a query from the Chairperson, the Group Manager Finance and Corporate Services advised that the rating database information is from the last rating valuation in 2019. The actual number of rating units is based on our live data so those checks need to be done when the rates are set.

The Chairperson stated the prudent benchmark for rates affordability was 5.9% and we are at 7.83%. He queried if the 5.9% allows a percentage for growth. The Group Manager Finance and Corporate Services confirmed that it did not.

RESOLVED

- (1) That the report titled "Annual Plan Adoption Recommendation" be received.**
- (2) That the Risk and Assurance Committee recommend Council adopt the 2022-23 Annual Plan subject to finalisation of rating and non-financial KPI figures.**

HWTM/Nelson

Carried

The Group Manager Planning and Regulatory left the meeting at 9.38am and returned at 9.44am.

3. KOHA REPORT

p19

Her Worship the Mayor noted her conflict with the koha payments made in relation to the Tuia Rangatahi wananga attendances, adding that the payments were approved by staff.

RESOLVED

- (1) That the report titled "Koha Report" be received.**

Jones/Nelson

Carried

Councillor Howe left the meeting at 9.45am and returned at 9.48am.

4. RESOLUTION TO EXCLUDE THE PUBLIC

p21

SECTION 48 LOCAL GOVERNMENT OFFICIAL INFORMATION & MEETINGS ACT 1987

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

- 5. Confirmation of In-Committee Minutes – Risk and Assurance Committee Meeting 2 May 2022.**
- 6. Health and Safety of Staff.**
- 7. Emerging/Litigation Risks.**

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:

Item No	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
5.	Confirmation of In-Committee Minutes – Risk and Assurance Committee Meeting 2 May 2022	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.	Section 48(1)(a)
6.	Health and Safety of Staff	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.	Section 48(1)(a)
7.	Emerging/Litigation Risks	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.	Section 48(1)(a)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

5.	Protect the privacy of natural persons Protect information (commercial sensitivity) Protection from improper pressure or harassment Carry out negotiations	Section 7(2)(a) Section 7(2)(b)(ii) Section 7(2)(f)(ii) Section 7(2)(i)
6.	Protect the privacy of natural persons Protection from improper pressure or harassment	Section 7(2)(a) Section 7(2)(f)(ii)
7.	Protect the privacy of natural persons Maintain legal professional privilege Prevent the disclosure or use of official information	Section 7(2)(a) Section 7(2)(g) Section 7(2)(j)

Nelson/Jones

Carried

RESOLVED

- (1) That the resolutions made while the public was excluded be confirmed in open meeting.**
- (2) That the public be readmitted to the meeting.**

HWTM/Nelson

Carried

RESOLVED

- (1) That the in-committee minutes of the Risk and Assurance Committee meeting held on 2 May 2022 be confirmed as a true and correct record.**

Nelson/HWTM

Carried

THERE BEING NO FURTHER BUSINESS THE MEETING CLOSED AT 11.44AM.

THE FOREGOING MINUTES ARE CERTIFIED AS BEING A TRUE AND CORRECT RECORD AT A SUBSEQUENT MEETING OF THE RISK AND ASSURANCE COMMITTEE HELD ON 1 AUGUST 2022

**PHILIP JONES
CHAIRPERSON**

REPORT

Date : 22 June 2022
 To : Risk and Assurance Committee Meeting, 1 August 2022
 From : Billy Kingi, Financial Controllor
 Subject : **QUARTERLY REPORT TO 30 JUNE 2022**
 File ID : A296617

EXECUTIVE SUMMARY

The Quarterly Report for the quarter ended 30 June 2022 provides the Council with an understanding of progress against the 2021/2022 Annual Plan.

PURPOSE

The purpose of this report is to present the Quarterly Financial Report to 30 June 2022 to Council.



BACKGROUND

This report is for the 12 months ending 30 June 2022 and is designed to provide the Council with an understanding of the progress against the annual plan.

The report provides a concise but comprehensive overview of the Council’s financial position as at 30 June 2022 (however is provisional - subject to year-end finalisation). The report is structured as follows:

Financial Overview	2
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Financial Overview

1. Financial Overview

This report summarises the key financial highlights for the quarter ended 30 June 2022. Please note that variances stated without brackets are favorable, whereas variances stated with brackets are unfavorable.

1.1 Income Statement

OPOTIKI DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Period Ended 30 June 2022

	Actual 4th Qtr 2020-21 YTD 000's	Actual 4th Qtr 2021-22 YTD 000's	Budget 4th Qtr 2021-22 YTD 000's	Variance to Budget 2021-22 YTD 000's	Budget Full Year 2021-22 000's
Income Statement (summary)					
Operating income	24,881	27,451	31,847	(4,396)	31,847
Operating expenditure	23,062	17,716	17,755	39	17,755
Net Surplus/(deficit)	1,819	9,735	14,092	(4,357)	14,092
Income Statement (detailed)					
Income					
Rates	11,739	11,778	12,046	(268)	12,046
Subsidies & Grants	11,265	13,611	17,761	(4,150)	17,761
Fees and Charges	1,282	1,552	1,622	(70)	1,622
Interest revenue	55	18	46	(28)	46
Other revenue	540	492	372	120	372
	24,881	27,451	31,847	(4,396)	31,847
Expenditure					
Other Expenses	14,308	8,594	8,802	208	8,802
Depreciation & Amortisation*	3,762	3,562	3,562	-	3,562
Personnel Costs	4,701	5,275	5,077	(198)	5,077
Finance Costs	291	285	314	29	314
	23,062	17,716	17,755	39	17,755
Net Surplus/(Deficit)	1,819	9,735	14,092	(4,357)	14,092

1.2. Significant Variances

Revenue

Subsidies and Grants are unfavourable due to some capital projects where external funding was unable to be sourced and have been either delayed or deferred.

Fees and charges are slightly unfavourable (\$70,000) due to the softening in resource consents and LIMs activity. This has been in spite of Covid-19 related disruption and restrictions over the year.

Other revenue is also favourable \$120,000 due mostly to funding of \$100,000 received from the BOP

DHB towards the Opotiki Covid-19 Response Programme.

Expenditure

Depreciation and amortization is currently showing as budgeted, as the revaluation on Roothing assets are still being finalized. There is the possibility that actual depreciation and amortization will come in higher than budgeted.

Personnel costs are showing overspent (\$198,000) however this includes wages and salaries which were funded by external subsidies and grants (Libraries Partnership Programme, MTFJ and the Cadetship Programme).

While other expenses are generally in line with budget, there are some variances across each activity. Variances of note are explained below.

1.3. Explanation of Key Variances by Activity

Leadership

Legal fees are also overspent (\$65,000). The second tranche of MTFJ funding has been received for the year. Any unspent funding has been carried over into the 2022-23 financial year. As mentioned above, funding has been received towards the Opotiki Covid-19 Response Programme.

Land Transport

Subsidies and grants revenue are more than budget \$184,000, partially offset by associated expenditure in operational costs (\$102,000).

Community Facilities

PFG funding of \$3m towards Lots 9 & 10 was received in November. While there has been a general softening of fee income due to the effects of Covid-19 (\$88,000), this has been largely offset by government stimulus funding received to date (Libraries Partnership Programme, Mana in Mahi, Tourism Facilities-Responsible Camping).

Regulation and Safety

Animal control revenue is less than budget (\$94,000) due to dog registration fees (\$38,000), court cost recoveries (\$17,000) and other fees and charges (39,000). In resource management, consent and LIM fees have continued to see a softening in activity (\$50,000). This is offset by under expenditure in both animal control \$13,000 and resource management \$107,000 due to personnel and consultant costs.

Solid Waste Management

Over expenditure occurs in Resource Recovery Centre personnel (\$110,000) and operations (\$22,000) due to the effects brought on by Covid-19 related disruption (both in workforce and supply chain). This is partially offset by favourable fees and charges \$73,000 and waste disposal levy (MFE) received \$35,000.

Support Services

Funding from Horizon Trust \$225,000 towards Te Tāhuhu O Te Rangi was received during the year. Under expenditure occurs in personnel \$164,000 and contractor costs \$26,000, partially offset by consultants advice (\$49,000), contract expenses due to three waters reform (\$135,000), other services received (\$90,000) and other expenses (\$88,000). Rates remissions on multiple owned Maori land are now processed at the beginning of the financial year and the year to date budget reflects this.

1.4 Cash and Cash Investment Balance

	2020-21 Actual Full Year 000s	2021-22 4th Qtr Actual YTD 000s	2021-22* Budget Full Year 000s	2021-22 Var to Budget 000s
Cash and Short Term Investments	9,214	6,144	5,926	218
Term Investments	0	0	0	0
Total	9,214	6,144	5,926	218

The fourth quarter cash position is due mostly to external funding received toward projects yet to be completed. Available cash is used as much as possible before further loan drawdowns are made.

As at 30 June 2022 all current term deposits had matured in anticipation of a \$1.5m loan repayment due early April and expected higher capital expenditure during the last quarter year, than has been realised. Further term deposits will be arranged as the need may arise.

1.5 Balance Interest and Debt Level

	2020-21 Actual Full Year 000s	2021-22 4th Qtr Actual YTD 000s	2021-22* Budget Full Year 000s	2021-22 Var to Budget 000s
Finance Costs	291	285	314	29
Term Loans	8,500	7,000	10,710	3,710

Borrowing is tracking less than budget and this is indicative of the delay and deferral of some debt-funded capital projects. Further debt funding will be secured as further progress is made on those projects.

Capital expenditure

2. Capital Expenditure

	2021-22 AP Total Budget 000s	Council Resolution	2020-21 3rd Qtr Actual YTD 000s	2021-22 Var to Budget 000s
Economic Development	10	-	-	(10)
Community Facilities	11,782	-	5,146	(6,636)
Land Transport	2,249	-	2,257	8
Solid Waste Management	188	50	34	(204)
Regulation & Safety	-	-	-	-
Support Service	516	-	198	(318)
Stormwater	3,683	-	1,858	(1,825)
Water Supplies	1,236	-	589	(647)
Wastewater	2,200	-	1,270	(931)
TOTALS	21,865	50	11,352	(10,563)
	2020-21 AP Total Budget 000s	Council Resolution	2020-21 3rd Qtr Actual YTD 000s	2021-22 Var to Budget 000s
Growth	2,228	-	2,252	24
Level of Service	10,814	50	5,073	(5,791)
Renewals	8,823	-	4,027	(4,796)
TOTALS	21,865	50	11,352	(10,563)

Total capital expenditure to for the year to June is \$10,887,000. The majority of this relates to the various CBD projects, progress in cycleway extensions, stormwater and wastewater upgrades.

The following significant projects contribute to the above remaining capital budgets:

- CBD redevelopment projects (11,900,000) including redevelopments on lots 9 & 10 (expected completion late 2022), CBD veranda upgrade, Plunket and Hospice building upgrade, and skate park reserve upgrade.
- WWTP inlet works upgrade (\$1,000,000): design is completed, due to Covid-19 and related supply chain delays in the delivery of materials and equipment, the completion of this project will now be post June 2022.
- Motu Cycleway extension – Opotiki to Whakatane (\$1,000,000): extension (from Waiotahi Drifts) to the Pipi Beds is completed; connection from Baird Road to Waiotahi Drifts expected completion end of September, supported by funding from NZTA Waka Kotahi.
- Coastal Reserves Tourism Infrastructure (\$500,000): this project will not proceed as grant funding has not been secured.
- SW Upgrade to Richard Street Gravity Main (\$1,325,000): progressing well, contract awarded, contractor established onsite and progressing with construction work. Expected to complete all work by September 2022.

- SW Tarawa Open Drain and Pump Station (\$1,598,000): although some works have been completed to date, an engineer's estimate for the pump station portion of this project has come in higher than budgeted. As this project is part funded from three waters stimulus funding, a project substitution request was successfully made to DIA to transfer the (approx \$1m) balance of this budget towards the Richard Street Gravity Main project.
- Harbour Access Road upgrade (\$400,000): the upgrade to Snell Road is year one of a \$1.180m three year project. Professional design services will be procured this year to refine the cost of the road upgrade for construction. It is anticipated most of the budget will be rolled into year three of this LTP to coincide with the completion of the harbour project. The impact being any expenditure will likely commence after this financial year.

Treasury Report

3. Treasury Report

3.1. Debt Position

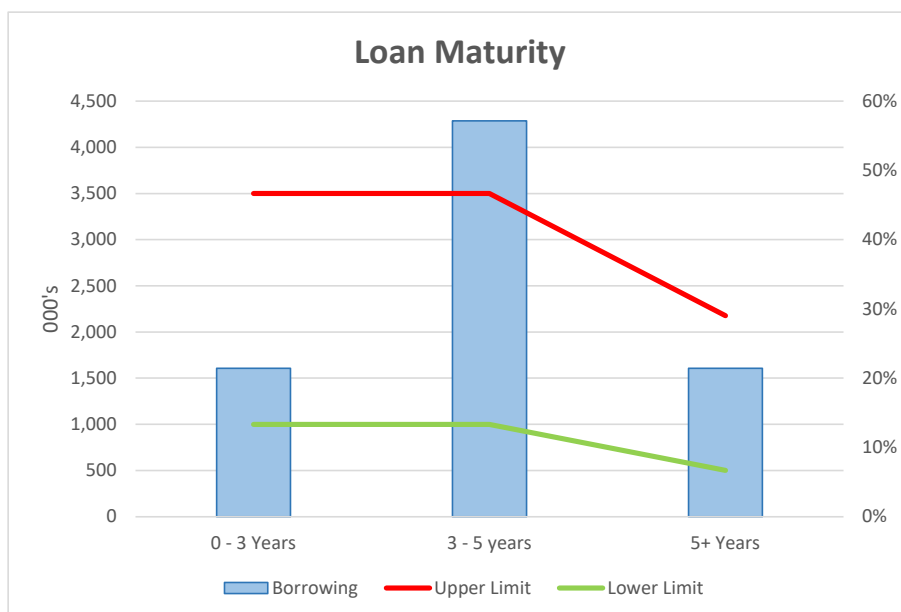
	Actual 2020-21 000s	YTD Actual 2021-22 000s	Budget 2021-22 000s
Secured loans less than 12 months (current liabilities)	1,500	1,500	0
Secured loans more than 12 months (non- current liabilities)	7,000	5,500	10,710
TOTALS	8,500	7,000	10,710

There has been a reduction in Council's debt position by \$1.5m during the fourth quarter. As there was no need to re-finance, Council's debt position has reduced by this amount as at year-end.

3.2. Funding maturity

The chart below illustrates the funding maturity profile of the four council loans. Maturity dates are between 0.8 years and 11 years. All are at a fixed rate between 2.19% and 5.5%.

The limits shown below are as per the Treasury risk management policy which was current at the beginning of the financial year. These limits would apply once council reached \$7,500,000 in total debt.



Compliance with Liability Management Policy

The specific requirements of the Liability Management Policy are detailed below.

Item	Borrowing Limit	Actual Performance
Net External Debt / Total Revenue	<150%	25%
Net Interest on external debt as a percentage of total revenue	<10%	1.04%
Net Interest on external debt as a percentage of annual rates income*	<20%	2.42%
Net Debt / Council Equity	<10%	2.78%
External, term debt + committed bank facilities + unencumbered cash/cash equivalents to existing external debt.	>115%	193.5%

* Note the above measures have been annualized where relevant.

Council is within policy for all the measures.

Rates Arrears

4. Report on Rates Arrears

Total rates outstanding as at the fourth quarter is \$2,308m compared with \$3.102m as at the fourth quarter of 2020-21. The majority of this significant reduction is as a result of the write-off of outstanding rates on Maori multiply owned land which came as a result of changes to legislation earlier in the year. Further commentary on progress will be provided at the meeting.

RISKS

There are no major risks associated with the decisions or matters.

RECOMMENDATION:

1. That the report titled "Quarterly Report to 30 June 2022" be received.

Billy Kingi

FINANCIAL CONTROLLOR

REPORT

Date : 25 July 2022
To : Risk and Assurance Committee Meeting, 1 August 2022
From : Financial Controllor, Billy Kingi
Subject : **KOHA REPORT**
File ID : A296837

EXECUTIVE SUMMARY

The purpose of this report is to provide details of Koha payments made from 1 June 2022 to 22 July 2022.

PURPOSE

The purpose of this report is to provide details of koha payments made from 1 June 2022 to 22 July 2022.

BACKGROUND

Audit New Zealand considers koha to be sensitive expenditure. To ensure transparency of the size of koha and the occasions for giving koha, the Audit and Risk Committee receives regular reports on koha payments made, disclosing the following information:

- The amount of koha
- The purpose of the payment
- The reason or justification for the amount.

There have been no koha payments during this period.

SIGNIFICANCE ASSESSMENT

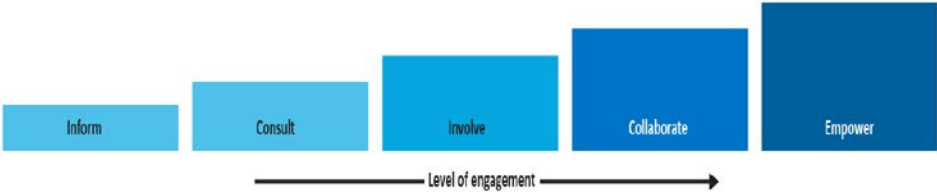
Assessment of significance

Under Council's Significance and Engagement Policy, on every issue requiring a decision, Council considers the degree of significance and the corresponding level of engagement required. The level of

Significance for receiving the Koha Report is considered to be low as determined by the criteria set out in section 12 of the Significance and Engagement Policy.

Assessment of engagement requirements

As the level of significance for receiving the Koha Report is considered to be of low the level of engagement required is determined to be at the level of inform according to Schedule 2 of the Significance and Engagement Policy.



RECOMMENDATION:

- 1. That the report titled "Koha Report" be received.

Billy Kingi

FINANCIAL CONTROLLOR

REPORT

Date : 25 July 2022

To : Risk and Assurance Committee Meeting, 1 August 2022

From : Group Manager Engineering and Services, Stace Lewer

Subject : **ŌPŌTIKI TOWNSHIP WASTEWATER SYSTEM AND COMPLIANCE**

File ID : A296933

EXECUTIVE SUMMARY

This report provides an overview of the existing Ōpōtiki wastewater system discharge consent and feedback received from BOPRC through their most recent inspections. The report seeks to assure the committee that we understand the concerns raised by BOPRC and have a plan in place to address those concerns.

PURPOSE

The purpose of the report is to update the Risk and Assurance Committee on the Ōpōtiki wastewater scheme resource consent, compliance with the consent and future actions.

The content of this report contributes towards providing assurance to the committee with regard to: Legislative compliance, Business Continuity Management, Large Project Assurance and Risk Management.



BACKGROUND

An overview of the Ōpōtiki Township wastewater system:

- Ōpōtiki District Council undertakes wastewater activities to ensure environmentally safe collection, treatment and disposal of the District's sewage wastes.
- The Ōpōtiki Wastewater Scheme comprises of a reticulation network with approximately 46.3 km of mains, 432 manholes, 1416 connections and 8 pump stations. These assets convey wastewater to the treatment facility, oxidation ponds, at Snell Road. A screen, Imhoff tank and the oxidation ponds treat the effluent before it discharges to land via 3km of irrigation lines.
- The scheme is unique as it is one of the few schemes in NZ to discharge to land.

Understanding the Resource Consent for discharge:

- Council holds a resource consent, 63179, issued by the Bay of Plenty Regional Council (BOPRC) to discharge treated wastewater from the Ōpōtiki Wastewater Treatment Plant on to land adjacent to the Waioeka Estuary.
- The consent expires in 31 July 2025. Council staff have commenced planning for the application of a new consent including initial discussions with BOPRC.
- The consent includes the following conditions (but not limited to):
 - The wastewater treatment and disposal system shall be operated and maintained at all times to the satisfaction of the Chief Executive of the Regional Council.
 - A limit on average daily effluent discharge to the soakage field (2500 cubic metres per day for any continuous six-month period)

- For a maximum of 41 days per year effluent may be discharged to an overflow pond. If effluent is discharged to the overflow pond it shall be limited to 3600 cubic meters per day.
- Effluent shall not be discharged where ponded surface water is present.
- There are a range of monitoring requirements associated with effluent and groundwater water quality which are to be undertaken.
- Any non-compliance with consent conditions may result in enforcement action against the consent holder and/or their contractors.

Compliance feedback from BOPRC

- To help assess if we are operating and maintaining the system to the satisfaction of the Chief Executive of the Regional Council, staff from BOPRC undertake inspections with ODC staff and complete a field sheet. The last times this occurred were:
 - 22 November 2021
 - 21 June 2022
- After the inspection the BOPRC officer will provide a field sheet which records the level of compliance they observed. The assessment options available to the officer include:

Compliance Grades	Description
Not assessed	Inspection officer has not assessed compliance against a given consent condition.
Full compliance	Compliance with all relevant consent conditions, plan rules, regulations and national environmental standards.
Low risk non-compliance	Compliance with most of the relevant consent conditions, plan rules, regulations and national environmental standards. Non-compliance carries a low risk of adverse environmental effects or is technical in nature (eg, failure to submit a monitoring report).
Moderate non-compliance	Non-compliance with some of the relevant consent conditions, plan rules, regulations and national environmental standards, where there are some environmental consequences and/or there is a moderate risk of adverse environmental effects.
Significant non-compliance	Non-compliance with many of the relevant consent conditions, plan rules, regulations and national environmental standards, where there are significant environmental consequences and/or a high risk of adverse environmental effects.

- An abatement notice is one of the enforcement actions BOPRC could undertake. We have not been issued with an abatement notice. Here are some details around abatement notices:

<p>Abatement notice</p>	<p>An abatement notice is a formal written notice that the Resource Management Act (RMA) specifies can only be issued by a warranted enforcement officer.</p> <p>It requires certain actions to be taken, or to cease, within a specified time. It applies where an enforcement officer believes on reasonable grounds (on the balance of probabilities) that there is, or is likely to be, a contravention of the Resource Management Act (RMA) and/or an adverse effect on the environment.</p> <p>An example of what would trigger an abatement notice would be an overflow of the wastewater pond directly into the estuary. Another example may be if the Officer considers there is likely to be a major event as a result of inadequate action against prior Significant non-compliances that have been raised.</p> <p>Enforcement decisions consider a range of other factors, such as what corrective actions might already have taken place (i.e. there may be a significant breach, but little value in an enforcement order or abatement if it has already been remedied; conversely BOPRC may issue an abatement for a low risk non-compliance to ensure it doesn't escalate).</p>
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- Between 22 November 2021 and 21 June 2022 the summary level of compliance has moved from Moderate Non-Compliance to Significant Non-Compliance.
- The non-compliances are generally related to the following:
 - **Key Issue 01:** Significant ponding of effluent in certain areas of the disposal field.
 - **Key Issue 02:** Not utilising the available disposal field space as effectively as possible (there is space not fully being utilised)
 - **Key Issue 03:** Wastewater is entering the overflow pond more days a year than allowed.
- There has been no indication at this stage of any imminent enforcement action in the form of an abatement notice. Additionally, BOPRC mention in the latest report "despite significant effluent ponding and breakouts, there was no visible scour or erosion and no offensive odour".

Environmental Impact

- It is important to note there has been no confirmed negative impact to the environment.
- As part of the consent, we have specific monitoring and reporting around:
 - Testing effluent and groundwater for E-Coli
 - Testing ground water for heavy metals.
 - If heavy metals in the ground water are above trigger levels then sediment from the Waioeka River estuary are to be teste for heavy metals.

- If heavy metals in the sediment samples are above trigger levels then more sediment samples are to be taken and shellfish testing is to be undertaken.
- With regard to E-coli we have had some E-coli readings above trigger levels in the treated effluent however this is not making its way into the groundwater samples. Recently, we have undertaken work to desludge the WWTP pond and clean out the Imhoff tank which should increase the amount of time the wastewater is sitting in the ponds (residence time) which will give it more time to be treated before being disposed. Our latest result, after the work has been completed was under the threshold. We will be monitoring this and expect it to stay within the limits.
- Historically, copper has been a consistent heavy metal marginally above trigger levels in the ground water samples. Our understanding is that this is the result of the slow leaching of copper from plumbing and fitting fixtures in homes and the network which has made a way to the site over many years well before this testing regime was implemented. We have undertaken sediment sampling over the years and copper has consistently come back within acceptable limits.
- Discharge to land is considered a more beneficial way to discharge effluent, both from a cultural and environmental perspective, and we are one of the few schemes in the country to do this.

DISCUSSION AND OPTIONS SECTIONS

Ōpōtiki District Council actions and plans in response to key issues

Key Issue 01: Significant ponding of effluent in certain areas of the disposal field.

1. Through 2021/22 we engaged a consultant to undertake an options review of the treatment and disposal process. As part of the work the consultant has indicated that the disposal field should have sufficient capacity for our needs. However, the treatment of the wastewater needs to be improved to reduce the amount of algae which is passing through the treatment process and clogging up the disposal field. When the disposal field clogs up the effluent cannot soak into the ground as effectively which is resulting in the ponding.
2. Additionally, the consultant identified opportunity to improve the way the irrigation lines are distributed across the disposal area. A more even distribution of effluent across the entire site will help reduce effluent ponding on the surface.
3. It is important to note that there is a juggling act we need to manage. Improving the treatment of the wastewater to reduce algae content will allow the disposal field to work more effectively. However, this is the most complex, costly and time consuming part of the process to resolve. We could go ahead and remediate the disposal field; improve the distribution of the irrigation lines and the way they are operated. However, if we do that before the treatment process is improved, we will need to accept that the disposal field will continue to clog until such time the treatment

process is improved. This means higher short-term maintenance costs to unclog the disposal field, however, we have some work to do around understanding the costs associated with this.

Key Issue 02: Not utilising the available disposal field space as effectively as possible (there is space not fully being utilised)

1. As mentioned above, this issue can be addressed through improving the distribution of the irrigation lines and the way they are operated. However, we need to make some decisions around how much of this we do (if any) ahead of improving the treatment process.

Key Issue 03: Wastewater is entering the overflow pond more days a year than allowed:

1. This issue is about capacity (distinguishing it from a treatment issue). Too much water in the system which means wastewater needs to enter the overflow pond to avoid it directly discharging into the estuary.
2. The issue only presents itself during wet weather events. It means ground water and or surface water is making its way into the network which is filling up our wastewater pond. It is important to note that the effluent is diluted as a result of the increase in stormwater in the system.
3. ODC have laid some great groundwork to addressing these issues through the Inflow and Infiltration reduction project which included relining pipelines and doing work on private properties to reduce water getting into the network.
4. ODC have budgeted \$5,000,000 over years 2024-2029 to complete the next stage of this work to continually improve the situation. In the meantime ODC are currently assessing the effectiveness of the earlier work (which relies on a range of wet weather events to occur) and make plans for how to target the allocated budget most effectively. We are going to ensure we are investing to the right areas.
5. Additionally, as part of the options review of the treatment and disposal process the consultant has identified that we are not pumping as much effluent onto the disposal field as we are allowed too. If we can reduce the amount of algae in our effluent and improve the soakage onto the disposal field we should be able to increase the amount of wastewater disposed up to our consented limit therefore reducing the amount of wastewater sitting in the wastewater pond.

Actions going forward:

1. The most recent and key update for BOPRC is that the Ōpōtiki WWTP Upgrade Options Report has been completed which will help inform the upgrade options. The next key actions are progressing with the following two projects:
 - a. WWTP consent to discharge application
 - b. WWTP Secondary Treatment and Disposal Upgrade
2. With the current discharge consent expiring in 31 July 2025 council staff have initiated discussions with BOPRC in preparation of the application of a new consent which will allow for population growth.
3. The new consent will include conditions which define new capacity limits and required treatment quality. These conditions may require a more advanced upgrade over and above what is required however this will be reviewed through the consent process.
4. The 2021/22 WWTP Upgrade Options Report presented three options which would improve the treatment process and distribution over the disposal field. The options range from \$12 mil - \$26 mil (with 30% contingency) and were outlined to councillors at the workshop 15th December 2021. They are:

Option A: Pond Based Treatment	Algae removal + UV or ultrafiltration Large footprint Limited growth potential
Option B: Pond Based Treatment with Nutrient Reduction	Nutrient removal (N+P) + UV Medium footprint
Option C: Advanced Treatment	Nutrient removal(N+P) + UV Small footprint

5. These options need to be further investigated and balanced against the option of longer term increased maintenance costs of the disposal field or other disposal options.
6. There is \$450,000 allocated in year two of the current Long-Term Plan (LTP) for progressing the investigation, design and consenting. Additionally, the LTP includes \$4.8mil in year four for treatment and disposal field upgrades and renewal. There is a risk additional funding will be required for treatment and disposal field upgrades.
7. The other key item for us to be addressing is capacity to reduce overflows into the overflow pond. We currently have actions to complete stormwater and wastewater modelling which will play an

important part (along with condition assessment information and site surveys) to ensure we are targeting inflow and infiltration investment (which has been set aside for years 2024-2029) to the right areas.

Risks

1. If no action is undertaken there is a risk of receiving an abatement notice. To avoid this we will clearly communicate our action plan to BOPRC and we get their buy in.
2. There is a risk that additional funding will be required to upgrade the WWTP and the disposal field. In the meantime we have an action to progress with the consent application process and design to better understand what the likely consent conditions will be and to obtain better clarity around likely costs.

RECOMMENDATION:

1. **That the report titled "Ōpōtiki Township Wastewater System and Compliance" be received.**

Stace Lewer

GROUP MANAGER ENGINEERING AND SERVICES

REPORT

Date : 27 July 2022

To : Risk and Assurance Committee Meeting, 1 August 2022

From : Interim Chief Executive Officer, Miles McConway

Subject : **RESOLUTION TO EXCLUDE THE PUBLIC**

SECTION 48 LOCAL GOVERNMENT OFFICIAL INFORMATION & MEETINGS ACT 1987

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

- 7. Confirmation of In-Committee Minutes – Risk and Assurance Committee Meeting 14 June 2022.**
- 8. Health, Safety, Wellbeing and Human Resources Report.**
- 9. IANZ – Building Consent Authority Accreditation Initial Assessment Report.**

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:

Item No	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
7.	Confirmation of In-Committee Minutes – Risk and Assurance Committee Meeting 14 June 2022	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.	Section 48(1)(a)
8.	Health, Safety, Wellbeing and Human Resources Report	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.	Section 48(1)(a)

9.	IANZ – Building Consent authority Accreditation Initial Assessment Report	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.	Section 48(1)(a)
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This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

7.	Protect the privacy of natural persons Protect information (commercial sensitivity) Protection from improper pressure or harassment Carry out negotiations	Section 7(2)(a) Section 7(2)(b)(ii) Section 7(2)(f)(ii) Section 7(2)(i)
8.	Protect the privacy of natural persons Protection from improper pressure or harassment	Section 7(2)(a) Section 7(2)(f)(ii)
9.	Protect information Prevent disclosure or use of official information	Section 7(2)(b) Section 7(2)(j)