Welcome to Council's Performance

This section of the report measures Council's performance against what we said we would do in the first year of our Long-Term Plan 2012/22. The Long-Term Plan (LTP) sets out the vision for the Far North District as well as priorities and action/projects for Council to follow each year. In particular it provides the financial framework for delivering all the everyday services and facilities that the community enjoys and expects from their local Council.

Why does Council have performance as part of the Annual Report?

As well as meeting this statutory requirement detailed below, Council sees this as a vital tool to keep residents, businesses, employees, community groups and organisations informed about its performance and future direction.

The Local Government Act 2002, under Schedule 10, requires all councils to include the following performance information within each group of activities:
*   Identify the activities within the group of activities; and
*   Identify the community outcomes to which the group of activities primarily contributes; and
*   Report the results of any measurement undertaken during the year of progress towards the achievement of those outcomes; and
*   Describe any identified effects that any activity within the group of activities has on the community.

Council also is required to:
*   Report the result of established and maintained processes to provide opportunities for Māori to contribute to the decision-making processes with Council.

Navigating the performance section

This performance section comprises two main sections.

The first section provides an overview of:
1. Performance highlights against Council's key strategic initiatives from the LTP 2012/22.
2. An understanding of Community Outcomes.
3. Consulting with our community relates to community feedback on Council's services and facilities.
4. Risk management and auditing explains the role of the Audit and Finance Committee, internal audits undertaken, Council's insurance cover and polices on risk management including an update on risks identified in the LTP 2012/12 as extreme/high activity risks.

This section covers pages 87 to 104.
The main body of the performance report provides an overview from each group activity on the following:

1. Who we are.
2. Major achievements in 2012/13.
3. Challenges we experienced.
4. Plans for the next 12 months.
5. How we performed against the first year of the LTP 2012/22 is a progress update on action/projects contributing to the priorities in the LTP. We have also linked the action/projects to the Council's key strategic objectives. Actual achievements against the Key Performance Indicators (KPI) and targets that the Council uses to monitor levels of service.
6. Financial information provides a detailed account of our financial performance. For more information on our financials please refer to pages 21 to 85.

This section covers pages 104 to 229.
For additional navigation, please refer to the performance table of contents on page 86.

Performance highlights against Council's key strategic initiatives

Council continually needs to undertake certain works or projects to ensure that the district assets and facilities are maintained or enhanced to meet the needs of residents. Some of these works are based on recognising opportunities for improvement or new developments and others are aimed at providing efficiencies which will reduce costs over the long-term. The following projects are the largest included in Council's capital expenditure programme within the Long-Term Plan (LTP) 2012/22.

Performance highlights against Council's strategic initiatives are explained below:

Opua new sewer reticulation

Council is to install a new low pressure sewer system in Opua and connect this scheme to the Paihia scheme. Failing septic systems in this area are causing pollution in the Bay of Islands.

During 2012/13 the contract was tendered, awarded and completed in September 2013.

Work to be done 2013/14: Completion of commissioning.

District wide asbestos cement water pipe replacement

Pipes in the water network are deteriorating, leading to excessive pipe breaks which impact on customer levels of service, cost and water losses. This project is to progressively replace asbestos cement pipes.

Work to be done 2013/14: Investigation and condition assessment; then will target critical areas over succeeding years.

Kaitaia new Sweetwater source

An alternative water source is required to mitigate the risk of future drought impact. Severe water shortages were experienced in 2010.

Resource consent has been obtained to extract water from the Aupouri Aquifer to supply the township. Work to finalise a pipeline route to Kaitaia and to establish the required infrastructure is proceeding. Construction is expected to commence during 2013.

Work programmed 2013/14: Commissioning.

East Coast wastewater

Renewal of the resource consent for discharge from the Taipa Wastewater Treatment Plant requires consideration for an upgrade. Discharge to land as irrigation for horticulture is being considered as a way of reducing discharge to water.

Resource consent application is still in progress.

Work programmed 2013/14: Work is expected to commence this year.

Awanui sewer reticulation upgrade

Awanui has an ageing effluent disposal scheme with failing septic tanks, leaking infrastructure, prone to flooding, and a deteriorating treatment plant. The proposed solution is to replace it with a low pressure system and transfer effluent to the Kaitaia sewage treatment plant.

During 2012/13 the contract was tendered, awarded and completed in September 2013.

Work to be done 2013/14: Some commissioning to be completed as well as decommissioning the existing sewerage treatment plant.

Forward planning

Council will start a 2 year project to produce a longer term sustainable plan for the district that will look out over the next 30-50 years at the communities' needs and how best to plan for them. It will combine elements of a spatial plan and a growth strategy in a cost effective manner that is appropriate to this district. The plan will build on aspects of this Long-Term Plan, the District Plan and other documents such as the various Community Plans held by Council.

The plan has been named "The Far North Sustainable Growth Strategy" and during 2012/13 staff have completed the research phase along with the associated engagement phases.

Work to be done 2013/14: Draft scenarios will be prepared based on the research phase and will go out for consultation. Adoption is expected in late 2013 or early 2014.

Minerals

Council will continue to support work to develop opportunities for the district's minerals potential which will involve marketing and promotion of the airborne geophysical data to the international marketplace in partnership with the Ministry of Economic Development, Institute of Geological and Nuclear

Sciences Ltd, Enterprise Northland, the private sector and other local authorities.

Work to be done 2013/14: Continue to work in partnership with NZ Petroleum and Minerals and regional stakeholders. This is to ensure good public information provision for the region and the district as well as a joint approach to any potential investors.

Cycle Trail

Council is advancing the development of an 83km cycle trail/ walkway between Kawakawa and Horeke. The grade 1 cycle trail follows as closely as possible the historic railway corridor from Kawakawa to Okaihau. From Okaihau to Horeke it will use a combination of road berm and track through private land. Since this is a government funded economic development initiative every support is being given to individuals and organisations to help leverage the economic opportunities arising from visitors coming to experience and enjoy the outstanding scenery experiences that the cycle trail offers.

The Pou Herenga Tai Cycle Trail is expected to be fully functional by October 2013.

Work to be done 2013/14: Ongoing discussions are taking place with the Bay of Islands Vintage Railway Trust to access a connection from Kawakawa to Opua.

Converting waste to fuel

Council is exploring cost effective solutions and technologies to convert waste into products of value. The district has a rich source of wood waste from forestry harvesting operations and technology is now available to convert this woody biomass into automotive diesel and synthetic fuels for electricity generation. Another advantage is to reduce liability for carbon taxes imposed by Central Government by diverting and using the 17,000 tonnes of district waste which goes to landfills each year. As part of the review project, Council will examine the correct business model for waste collection and processing with a view to refining, where possible, and ensuring that adequate controls/incentives are in place to achieve an efficient and effective waste disposal operation.

Council's research to date indicates that it is unlikely to be a viable option at this stage.

Work to be done 2013/14: Continue to monitor the development of the technology and the cost benefit associated.

Bay of Islands wastewater treatment project

While the original concept was proposed for Kerikeri with an upgrade to the Paihia Treatment Plant in the 2009/19 Long-Term Council Community Plan (LTCCP), Council is now considering further concepts for an increased area of benefit for Kerikeri, and incorporating the ability to add to the scheme to meet future growth demands. For the purposes of this discussion, the projects are now all referred to as the Bay of Islands Wastewater Treatment Project (BOIWWTP)

Hearings around the consent were protracted with numerous litigants to be addressed and issues resolved. The strong community interest in the issue raised the standard of discharge required to one of the highest in New Zealand with the consent finally awarded in June 2012 becoming effective from 2014/2033.

In 2007 Council made an initial application under the Sanitary Wastewater Scheme (SWSS) for funding from the Ministry of Health to mitigate the establishment cost of upgrading the treatment process and extending the areas of benefit (reticulation) in Kerikeri that were close to water and for which there were high incidents of failure of septic tanks in the area. The SWSS scheme has a primary focus of protecting the environment from contamination by human effluent. The 2007 application was further refined in 2009 with Ministerial approval for a reduced contribution confirmed in 2011.

During the 2012/13 year, Council advanced the planning for the upgrade of the Paihia-Waitangi Treatment Plant well aware of its responsibility to give effect to the recently amended Local Government Act 2002 Amendment Act 2012 that requires (Section 3d) ''local authorities to play a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses''.

Given the likely interest and impact on the affected communities, Council completed an intensive consultation with ratepayers in July/August 2013. To inform the community for these discussions Council will have developed a range of options identified proposed new areas of benefit to be included in the scheme, and the indicative cost impact on Council and the ratepayer of the proposed works.

The conclusions derived from these consultations will be used to inform and develop key cost elements in the 2014/15 Annual Plan.

For further information go to www.letstalkcrap.co.nz

Shared responsibility

Council is always looking for opportunities to work closely with communities and share responsibility for services and facilities, to help keep rates down.

As part of the Civil Defence Emergency Management structures and processes in place to deal with potential events and emergencies Council arranged funding and installed Tsunami warning sirens within the vulnerable communities and increased community participation, preparedness and resilience through community based emergency planning.

Community Outcomes

At a glance

This section shows the link between community aspirations, district vision, organisational objectives and community outcomes and how these drive the Long-Term Plan (LTP) process, as well as the delivery of services to the community. The linkage is shown in the diagram below:-

ACTIVITIES	The activities are the things that Council actually does
POLICIES & ASSET MANAGEMENT PLANS	Policies and Asset Management Plans define how Council will deliver the services that support the outcomes
LONG-TERM PLAN	The Long-Term Plan shows how the Council plans to deliver on the outcomes
OUTCOMES	The outcomes are what Council will do to support and deliver on the community outcomes, the things Council is responsible for
COUNCIL MISSION, VISION, VALUES	The mission, vision and values for the district support the community aspirations
COMMUNITY ASPIRATIONS	The community aspirations form the foundation for everything that Council does.

Community aspirations

The Local Government Act 2002 (LGA) requires local authorities to identify Community Outcomes for their districts. For the Far North, these create a picture of the type of district people want to live in over the next 0-15 years. A recent change to the LGA has altered the focus of the Community Outcomes.

In past years, the community outcomes were owned by the community and Council's role was to show how it contributed towards them. Under the latest change to the legislation, Council now owns the outcomes, which makes them more focused on what Council does and can achieve on behalf of the community rather than the more aspirational outcomes which have been the feature of previous plans.

Council has based the new outcomes on the 2006 Community Outcomes, as we consulted on them widely with community groups and key organisations. Council has kept these original outcomes in the form of 7 community aspirations and used them to develop 3 outcomes for the things for which Council is responsible. These in turn have been used to underpin the LTP and inform the policy and asset management processes.

These 7 community aspirations can be summarised as:
- Public health – key health issues are identified and addressed.
- Public safety – community and visitors to the district feel safe and secure at any time of the day or night.
- Transportation – transport networks are maintained and developed to enable access to and within the district.
- Environment – the Far North's built environment and infrastructure are further developed in a sustainable way which contributes to the wellbeing of people, communities and the natural environment now and into the future.
- Education, training and business opportunities – opportunities in the Far North are sufficient to attract skilled professionals to the district and to reduce the number of young people leaving the area.
- Services that support communities – the cohesiveness of our communities is maintained or increased by retaining the services they need.
- Culture and heritage – having a strong and positive district identity that includes awareness and knowledge of the Far North's unique heritage and history.

These aspirations continue to provide the overall guidance for Council and have formed the platform on which it has built the LTP.

Vision

Council has developed a new vision for the Far North: The top place where talent wants to live, work and invest.

This is about:
- Attracting more skills, talent and investment to the district.
- Retaining the skilled people already here and maintaining economic prosperity.
- Being competitive with other districts.

Values

Council developed three new values to drive work across the organisation on behalf of the community:
- Enabling.
- Enthusiasm.
- Innovation.

Strategic objectives

Council had 8 overarching objectives in the 2009/19 LTCCP and these remain unchanged for the current LTP. The strategic objectives are internal within the organisation to support the vision and values. However, since then most of the world including New Zealand has entered into a recession and a decision has been made to focus more on the 4 core objectives (in bold below) for the 2012/22 LTP. This does not mean that the other 4 have been abandoned.

- **Value for Ratepayers.**
- **Provide economic development for the Far North.**
- Responding effectively to the growth of the district.
- **Investment in new infrastructure as and when affordable.**
- **A leaner, more customer focused organisation.**
- Safeguarding our communities.
- Improving the quality of life in the Far North.
- Community development.

88

Council has determined these 3 proposed Community Outcomes that it will contribute to over the life of the Long-Term Plan:

A safe and healthy district
A sustainable and liveable environment
A vibrant and thriving economy

A safe and healthy district

- The district is easy to get around with a safe and well maintained roading network.
- Public buildings, car parks, parks and reserves are accessible by all.
- All footpaths are safe and functional.
- Council's potable water supplies conform to established public health standards.
- Wastewater systems support and promote safe and sanitary conditions.
- Recreation and leisure facilities are maintained to ensure access to quality facilities, and opportunities for developing new facilities are investigated.
- The district's elderly, young and disabled citizens are valued.

- Appropriate lighting is provided for parks, reserves, roads and public places.
- Appropriate controls are in place to ensure all building work is carried out in accordance with the Building Act and Building Codes.
- Civil Defence Emergency Management structures and processes are in place to deal with potential events and emergencies; and Council will work to improve community participation, preparedness and resilience through community based planning.
- Unrestrained dogs and wandering stock are controlled.

A sustainable and liveable environment

- Growth is not taking place to the detriment of the natural environment.
- Growth is encouraged at a rate and in locations beneficial to the district.
- The district's natural assets, landforms and waterways are protected.
- Historic and archaeological sites/buildings of significance, and Wahi Tapu sites valued by Māori are supported, protected and preserved.

- Council supports environmental initiatives that enhance the district.
- Recycling and waste management is encouraged and supported.
- Built environments are attractive, well designed and safe.

A vibrant and thriving economy

- Council's processes aid the establishment of new businesses and industry.
- The contribution of tourism, agriculture and forestry to the district is acknowledged.
- Council supports major events that contribute to the economy of the district.

- All towns are encouraged and supported to develop town centres that attract new business, tourists; and which locals are proud of.
- The district encourages a wide range of sporting, cultural and community activities and local events.

Planning and Reporting Framework

Far North District Council's culture of improvement and innovation makes sure that future strategies, plans and policies are updated with considerable community consultation.

Our culture of foresight thinking also ensures that we identify future global and local issues to achieve our vision of "The top place where talent wants to live, work and invest" which fosters the cultural, environmental, economic and social wellbeing within community aspirations. Please refer to the integrated planning framework outlined in the diagram below:
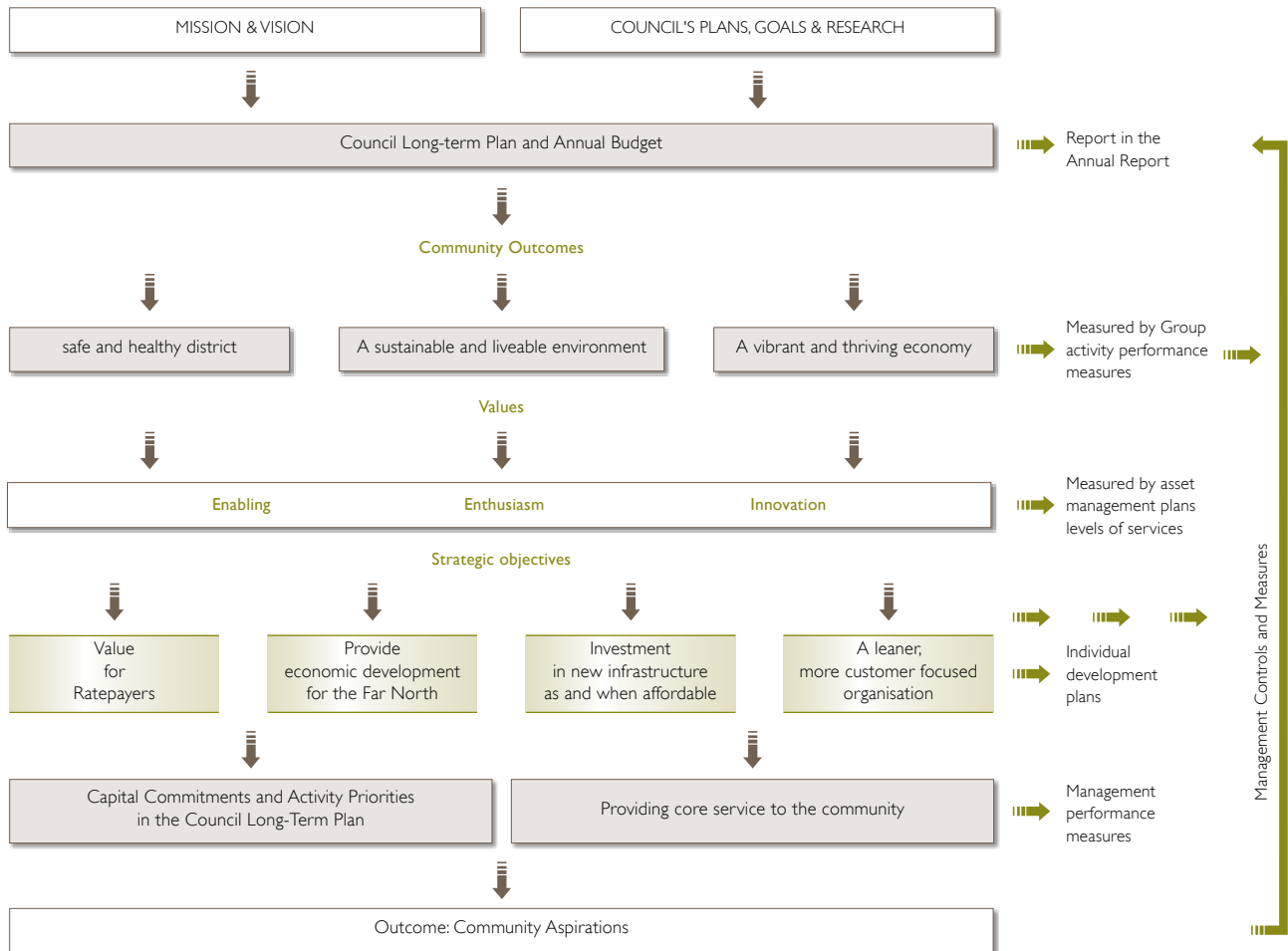
Reporting

Short Term
• Annual Plan and Annual Budget progress is reported monthly and quarterly to Council and Audit and Finance Committee.

Medium Term
• Annual Plan is produced in the intervening years of a three year LTP. Council report the strategic directions, service provision, what we will do and performance indicators.
• Annual Report is produced yearly demonstrating financial and non-financial progress in relation to what we said we would do in the Annual Plan and Annual Budget.

Long Term
Council reviews the Long-Term Plan every three years. The LTP is the most important document Council produces. It sets out Council's thinking on the major issues facing the Far North District and the priorities for the next 10 years. The 2012/22 Plan is part of a series of 10 year plans which Council will review every 3 years as required by Central Government. Each plan builds on the direction set in the previous one, but it also takes account of how the world and our district have moved on over the last 3 years and the new issues and challenges we face.

Where to get a copy?
Electronic copies of the reports above are available on Far North District Council's website **www.fndc.govt.nz**

Consulting with our Community

The Far North District Council conducted a community feedback survey in July 2013. This survey identifies and measures the perceptions that residents of the Far North District have towards Council and the services it provides.

The main goal of the survey was to report against specific performance measures determined in the first year of Council's Long-Term Plan 2012/22 regarding services, facilities, customer service, environmental policy and communications.

406 interviews were carried out via telephone (Computer Assisted Telephone Interviewing) in-house at Versus Research between 8 and 23 July 2013 with residents from the Far North District. The findings from the survey have been analysed by Ward in the first instance, as quotas were applied to ensure a representative sample. Data was weighed by gender and age; and significant demographic differences by gender, age and ethnic group are highlighted throughout the findings.

The survey asked residents about their use of a selection of Council services and facilities namely, public swimming pools, parks and reserves, playgrounds, refuse disposal services, recycling services, cemeteries, and libraries. Residents were asked to rate their satisfaction with each of these services and facilities as well as other Council provided services and facilities such as the district roading network, footpaths, access to beaches, storm water drainage, and public toilets. Following this, residents were asked to rate their overall satisfaction with Council-provided services and facilities.

For customer service ratings Council asked those residents who had made contact with Council in the last 12 months to rate their satisfaction with service at point of contact, whether made in writing, by phone, or through a visit to a Council office or service centre. Regarding environmental policy, residents were asked to rate how informed they felt about the District Plan and potential outcomes for communities, as well as the incidence of applications for building or resource consents. Residents were also asked to rate their satisfaction with their most recent consent application experience, and inspection experience, with Council.

The section on Council communications and governance covered resident satisfaction with the ease of access to Council information services, being informed about Council and its activities, and awareness of local community boards. Key results, and Council's Key Performance targets (KPI), are given below.

Overall satisfaction with Council-provided services and facilities remains at 80 per cent with a significant increase in those who are 'very satisfied' (up 7pts to 14% in 2013). Residents who are 'very satisfied' overall are more likely to be 'very satisfied' with all individual services and facilities; with public libraries, access to beaches, refuse disposal, and recycling stations the greatest contributors. Conversely, residents who are 'not very satisfied' overall are more likely to be 'not very satisfied' with all individual services and facilities, with the roading network, storm water drainage, footpaths, and public toilets the greatest detractors.

Services

None of the service Key Performance targets were met in 2013. Significant declines in satisfaction, indicated with purple shading in the table below, are measured for urban storm water collection (storm water drainage), recycling station services, and refuse transfer station services.

The lowest level of satisfaction was measured for storm water drainage, a service that is urban-specific. The highest rating is for recycling station services, with 65 per cent 'satisfied' or 'very satisfied' with the service, and user satisfaction on target.

Additional prompting around reasons behind resident rating identify access to services, availability within the community and on-going maintenance as the main drivers for satisfaction across services.

Table 1.1: Key Performance re: Council Services

MEASURE	2012 SATISFIED & VERY SATISFIED	2013 SATISFIED & VERY SATISFIED	2012/2013 KPI TARGET	KPI MET?
Roading network	57%	51%	57% resident satisfaction	no
Footpaths	58%	53%	58% resident satisfaction	no
Urban storm water collection	56%	**38%**	64% resident satisfaction	no
Recycling station services	78%	**65%**	83% resident satisfaction	no
	86%	84% user satisfaction	-	yes
Refuse transfer station services	80%	**58%**	83% resident satisfaction	no
	85%	**78% user satisfaction**	-	no

Facilities

Playgrounds exceed (80%) and cemeteries meet (80%) Key Performance targets for user satisfaction. Public libraries (90%) and parks and reserves (82%) remain on target despite significant declines in satisfaction amongst users in the last 12 months, indicated with purple shading in the table below. User satisfaction with public swimming pools has declined as well and fails to meet the Key Performance target.

All three residents' satisfaction ratings show significant decline compared to last year with the greatest being cemeteries (down 31pts to 46%), followed by coastal access (down 15pts to 64%), and cleanliness of public toilets (down 10pts to 50%). Similar to services, lack of maintenance, availability, and access to facilities are identified as key drivers to dissatisfaction.

Table 1.2: Key Performance re: Council Facilities

MEASURE	2012 SATISFIED & VERY SATISFIED	2013 SATISFIED & VERY SATISFIED	2012/2013 KPI TARGET	KPI MET?
Cemeteries	77%	46%	62% resident satisfaction	no
	87%	80%	80% resident satisfaction	yes
Parks and reserves	92%	82%	75% resident satisfaction	yes
Playgrounds	84%	80%	75% resident satisfaction	yes
Public swimming pools	84%	72%	80% resident satisfaction	no
Coastal access	79%	64%	76% resident satisfaction	no
Cleanliness of public toilets	60%	50%	62% resident satisfaction	no
Public libraries	96%	90%	85% resident satisfaction	yes

Customer Services

Overall satisfaction with Council services at point of contact does not meet the Key Performance target and has declined since last year. Incidence of contact via telephone and visits to Council office or service centres are considerably lower than last year, as indicated through purple shading in the table below. Satisfaction levels remain on par for both these contact points, with results regarding written communication indicative only, given the small sample size. The main reasons for satisfaction with Council contact are based on a satisfactory outcome, with lack of action and poor service/incompetence causing dissatisfaction amongst residents.

Table 1.3: Key Performance re: Customer Services

METHOD OF CONTACT	2012 SATISFIED & VERY SATISFIED WITH CONTACT	2012 INCIDENCE OF CONTACT	2013 SATISFIED & VERY SATISFIED WITH CONTACT	2012/2013 KPI TARGET	KPI MET?
Overall satisfaction when contacting Council	77%	-	72%	75%	no
Telephone	71% / 78%	34%	81%	Not specified	
Visit to a Council office or Service Centre	92%	51%	83%	Not specified	
Written Communication	82%	14%	63%	Not specified	

Environmental Management

All Key Performance targets for Environmental Management were met or exceeded with 40% of residents feeling well informed or informed about the District Plan and its implications for their community; and 58% and 75% of applicants are satisfied or very satisfied with the application and inspection experience respectively.

Table 1.4: Key Performance re: Environmental Management

MEASURE	2012 SATISFIED & VERY SATISFIED	2013 RESULT	2012/2013 KPI TARGET	KPI MET?
'Being informed' about the District plan	38%	40% well informed / informed	40%	yes
Most recent consent application experience	66%	58% well informed / informed	50%	yes
Most recent inspection experience	74%	75% well informed / informed	Not specified	

Council Communications and Governance

All Communication and Governance measures perform on par with last year but fail to meet the set Key Performance targets. Satisfaction with ease of access to Council information and services stems from experiencing no problems, but also polite and helpful service. Conversely, dissatisfaction is compounded by a lack of communication and information.

Table 1.5: Key Performance re: Communications and Governance

MEASURE	2012 RESULT	2013 RESULT	2012/2013 KPI TARGET	KPI MET?
'Being informed' about the Council and it's activities	54%	50% well informed / informed	60%	no
Ease of access to the Council information and services	43%	44% extremely satisfied / satisfied	60%	no
Awareness of the local community boards	43%	49% awareness	73%	no

In terms of demographic differences, it should be noted that NZ Māori residents are more likely to feel not at all informed of the District plan and its implications for their community (21% c.f. the total, 13%); and more likely to feel uninformed about Council and its activities in general (31% not informed/not at all informed c.f. the total, 18%). NZ Māori are also more likely to be dissatisfied with the ease of access to Council information and services (20% c.f. the total, 11%).

Risk Management and Auditing

Audit and Finance Committee

The Audit and Finance Committee is in place to assist Council in the effective management of financial reporting, risk and internal controls. The committee meets on a monthly basis.

Its membership comprises of 5 elected members, Cllr Knight, Cllr McNally, Cllr Court, Cllr Baker and the Mayor, the Chief Executive Officer, General Manager Corporate Services, Financial Controller, and Manager Business Performance & IT, and General Managers.

Internal Audit Programme

The following reviews were undertaken during the year:
- Review of Development Contributions policies, processes and methods of payment and collections. Recommendations in place.
- Review of Road Assessment and Maintenance Management System with Roading Business Unit by Business Performance and IT Team.

During the year, the Audit and Finance Committee dealt with:
- 2013/14 Annual Budget.
- Current year financial reporting.
- Risk management.
- Outstanding debtors review.
- Council controlled organisation reporting and statement of intent.
- Monthly and quarterly performance reporting.
- Strategic risk reporting.
- Internal Audit programme.

- Far North District Council IT Infrastructure review by Eagle Technologies and review of IT security audit by Keon Securities
- Completion of drinking water annual assessor audit.

External Audit Programme

The following reviews were undertaken during the year:
- Council established a Roading Business Unit twelve months ago and successfully received a clear audit by New Zealand Transport Agency.
- Resource Consents compliance audit completed by Northland Regional Council.

Insurance Audits

The following reviews were undertaken during the year:
- Insurable risk review – to ensure that Council maintains the correct balance in insurance cover versus risk.

Insurance

Council has a responsibility to the community to ensure that the nature and extent of our insurance cover is adequate. Council has insurance policies that cover:
- Material Damage (excluding underground assets).
- Business Interruption.
- Motor vehicle.
- Trustee Liability.
- Statutory liability.
- Employers liability.
- Marine hull.
- Forestry.
- Crime.
- Public liability and indemnity.

These insurances are reviewed annually and adjusted accordingly, having consideration for the various associated risks, past history and the benefit of expert advice of Council's insurance brokers.

Council liaises regularly with its insurance brokers regarding changes in legislation, court decisions and industry best practice. Council manages public and property liability claims based on the framework and advice of its insurers. Regular contact is made with the insurance brokers to discuss claims and/or risk mitigation activities.

Risk Management

The Far North Risk Management Policy 2012/13, sets out Council's commitment to risk management. The policy is aligned to the risk management standard, AS/ISO31000 and sets key directions for further development of Council's risk management systems and processes during 2013/15. It is applicable to the management of all risks facing the organisation including; financial, reputation, Occupational Health and Safety, personnel and legislative.

Year 1 actions implemented during 2012/13 included:
- Implementation of a risk management software programme.
- Allocation of resource focusing on risk for the organisation.
- Development of a training and awareness programme.
- Quarterly meetings conducted with the General Managers and Managers.
- Updated risk management policy and operational framework communicated across the organisation.

Action plan for the next 12 months include:
- Review and develop frameworks, procedures and tools.
- Improve access of frameworks, procedures and tools for staff.
- Consideration of risk registers in organisation business planning.
- Improve consideration of risk across organisational processes including Council reports and business cases.
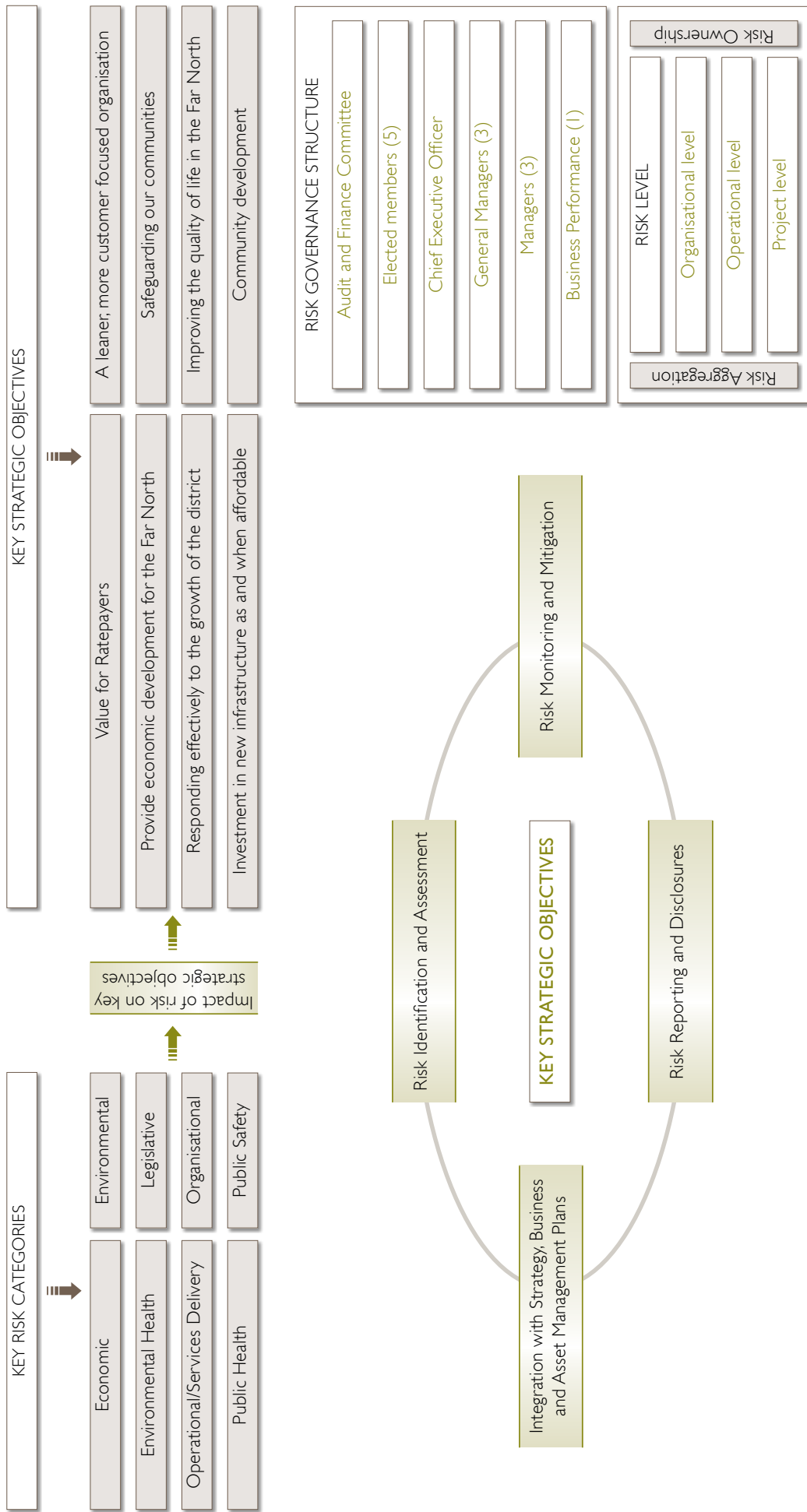
Risk categories

The following broad categories of risks to the organisation have been considered in our risk management framework:

Strategy: Strategic risks are those risks at an organisation level.

Operational: Operational risks are those risks at an operational level.

Projects: Project risk assessments provide the capability of identifying risks linked to Actions/projects.

Key components of Far North District Council risk management framework

KEY RISK CATEGORIES

- Economic
- Environmental
- Environmental Health
- Legislative
- Operational/Services Delivery
- Organisational
- Public Health
- Public Safety

Impact of risk on key strategic objectives

KEY STRATEGIC OBJECTIVES

- Value for Ratepayers
- A leaner, more customer focused organisation
- Provide economic development for the Far North
- Safeguarding our communities
- Responding effectively to the growth of the district
- Improving the quality of life in the Far North
- Investment in new infrastructure as and when affordable
- Community development

RISK GOVERNANCE STRUCTURE

- Audit and Finance Committee
- Elected members (5)
- Chief Executive Officer
- General Managers (3)
- Managers (3)
- Business Performance (1)

Risk Ownership

RISK LEVEL

- Organisational level
- Operational level
- Project level

Risk Aggregation

KEY STRATEGIC OBJECTIVES

- Risk Identification and Assessment
- Risk Monitoring and Mitigation
- Risk Reporting and Disclosures
- Integration with Strategy, Business and Asset Management Plans

95

Management of the activity risks identified as extreme/high ratings from the LTP 2012/13

Council reports on the management of risk to the Audit and Finance Committee. The table below is the final report for the 2012/13 Financial Year:

ACTIVITY	CONTRACTS (SEWERAGE TREATMENT GROUP) – INFRASTRUCTURE AND ASSET MANAGEMENT					
Risk	Consequence rating	Likelihood of occurrence	Current rating	Current controls	Ratings after mitigation	Future Treatments
Contamination caused by sewage overflows from pipe breaks or network flooding.	4	4	High	Review complaints, identify priority areas if able, and programme suitable response. Utilise closed-circuit television (CCTV) inspection to identify cross connection and other issues.	High	Core key performance indicator of current contract in place to achieve rapid response and repair. Utilising CCTV inspection is undertaken on a case by case basis but this is an operational cost and will impact on an already tight operational budget
Blue green algae outbreak on treatment plant ponds leading to non compliance and/or health risk to downstream users	5	4	Extreme	Extensive sampling and monitoring programme in place. Management procedures for communication with downstream users. Contact lists are established.	High	Council has introduced in the past two years floating wetlands to the Kaitaia ponds in the past two years where algae has been a problem in the past. The presence of high algae levels has reduced in this pond system
The planned expansion of the Bay of Islands reticulated wastewater scheme fails to keep to budget or delivers a system that does not meet original requirements.	5	3	High	Ensure there is affordability attached to any proposal and that all project risks are identified. Follow correct consultation process and all tenders are inline with procurement policy.Currently preparing proposal for inclusion in Annual Plan 2014/15.	Medium	Project to identify and mitigate all high/likely risks.
Contamination caused by sewer overflows from pump station failures	4	4	High	Replace failing infrastructure. Planned maintenance based on criticality of asset and risk of failure are now implemented.	High	Council has established preventive maintenance programmes and renewals programmes Renewals and projects are prioritised with the contractor and asset management team.

ACTIVITY	NEW WORKS AND ASSET MANAGEMENT (ROADING AND FOOTPATHS GROUP) – INFRASTRUCTURE AND ASSET MANAGEMENT					
Risk	Consequence rating	Likelihood of occurrence	Current rating	Current controls	Ratings after mitigation	Future Treatments
Worksite control – road construction materials left on road shoulder causing contamination or potential vehicle drift from loose chips, inadequate signage, etc.	4	4	Extreme	Control construction methods, audit sites and ensure compliance with contractor quality plans. Impose penalties for non compliance. Ensure appropriate training and certification.	High	Contractors are required to submit methodology as part of the Contract Quality Plan with their tender submission then revise to be site specific following award of contract. Council engineers carry out spot checks and audit works during the contract period and following completion of contract.
Poor knowledge of bridge stock – number; condition and load capacity unknown for some bridges/structures.	5	4	Extreme	The introduction of a new bridge engineer to Councils infrastructure team has strengthened management of this asset category and there is now a structured programme of work being executed that will give council detailed knowledge of its bridge stock.	High	The current bridge upgrade and renewal programme is based on the most recent detailed investigations. Council's renewal programme will include replacing 7 bridges in 2013/14.
Lack of posting – overloading of bridge/ structure causing collapse.	5	4	Extreme	Review load postings annually. Undertake network inspections to identify lack of signage Continue to review current capacity of bridges.	High	Inspections of previously posted bridges and suspect bridges are undertaken annually before declaring and advertising bridge restrictions. Road maintenance contractors and area engineers are tasked with ensuring appropriate signage is in place.
Inadequate Asset Management Systems for District Facilities leads to essential maintenance not being carried out resulting in injury to member of public.	5	4	Extreme	Manual Systems identify when problems occur with assets and maintenance is scheduled accordingly.	High	Council has advanced a deliberate programme of strengthening the asset management team by adding three professional staff to this team covering the disciplines of structures, buildings and marine and water and wastewater.
Dust pollution caused by heavy trucks is affecting some Far North communities, leading to negative publicity and/or direct community action.	4	4	High	Liaison with affected communities. Traffic Control signage.	High	Working with forestry contractors to treat high volume roads during the summer months with dust suppressants.

ACTIVITY	NEW WORKS AND ASSET MANAGEMENT (STORMWATER DRAINAGE GROUP) – INFRASTRUCTURE AND ASSET MANAGEMENT						
Risk	Consequence rating	Likelihood of occurrence	Current rating	Current controls	Ratings after mitigation	Future Treatments
Global Natural Hazards - Climate Change leading to increased intensity, frequency and duration of rainfall, rise in sea levels, Tsunami.	5	4	High	Robust Civil Defence procedures. Modelling of Council infrastructure (in particular stormwater systems takes account of projected Annual Rainfall Returns. Consenting (both building and planning) process uses latest hazard data when processing applications.	High	Participating in a new storm modelling research programme lead by Northland Regional Council to ensure Northland has current data to guide its forward works programmes.
Lack of reticulated network in existing areas – flooding, ponding, downstream effects.	4	4	High	Identification through Asset/Stormwater Management Plans. Prioritised funding. Public consultation. Complaints and Requests for Services.	High	Evaluation spreadsheet within the Stormwater Management Plans developed based on modelling works to determined future works based on capacity of the system, risk hierarchy, location, overland flowpath availability, growth etc. Currently this work is not being investigated due to staff time constraints.

ACTIVITY	CONTRACTS (WASTE MANAGEMENT GROUP) – INFRASTRASTRUCTURE AND ASSET MANAGEMENT						
Public health risk at landfills and Refuse Transfer Stations.	5	3	High	Continually review site specific Health and Safety procedures.	High	Refuse Transfer Station contractors are required to carry out Health and Safety audits every 2 months as a condition of contract. Landfills and Refuse Transfer Station site operators check conditions daily. Council requires contract staff on landfills and Refuse Transfer Station sites to be current Site Safe card holders.

ACTIVITY	ENVIRONMENTAL MANAGEMENT GROUP - RESOURCE CONSENT MANAGEMENT						
Rising costs of the service may deter compliance if people feel that the risk of not complying is equivalent to the cost of complying.	4	3	High	Continue to focus on cost containment and process efficiencies to reduce the need for fee increases.	Moderate	Some costs are beyond the control of the Council. An example is additional legislative requirements imposed by Central Government, which then impose a direct cost on applicants. Council's consents processing will continue to identify process improvements aimed at further simplifying and streamlining consents processing.
Introduction of National Online Consenting System (initially for Building Consents) raises possibility that Council will not be ready to use/offer the service.	4	4	High	Undertake an assessment on the impact on Council processes and systems.	Medium	Government has indicated it expects larger cities (in particular Auckland) to be early adopters of the system. Council will be able to learn from these Councils experiences.
Creation of a Unitary Authority for Northland or the Far North will radically change Councils Resource Management Act responsibilities	4	5	High	Will require restructuring of Planning Process, and changes to the Distirct Plan. Re-skilling and re-organisation of staff.	Medium	Formulate Plan to accommodate changes.

ACTIVITY	REVENUE AND COLLECTION - CORPORATE SERVICES					
Risk	Consequence rating	Likelihood of occurrence	Current rating	Current controls	Ratings after mitigation	Future Treatments
Non collection of rates for Māori Freehold Land (MFL)	5	4	Extreme	Budget for remission and statute barred annually. Recovery of MFL rates continues to be a focus of the debt management team.	High	Recovery processes as outlined in Local Government Act 2002 and Te Ture Whenua Māori Act 1993. Court appointee, Judgement, Charging order and enforcement through the Māori Land Court.
Last Year 30% of Capital Works were deferred to future years.	4	5	High	Progress will be reported after the September accounts have been collated. Strategic Planning of Capital Works programme.	Medium	A change to accounting reporting identified budget from depreciation that was available to spend, however assessment of the actual need lead to deferring or cancelling some projects as not required at the present time. More detailed planning for the Annual Plan 2014/15 addressed a prioritised list of projects requiring attention. This will reduce reporting the number of non-started projects. As the Council's Asset Management System develops forward planning of work will become more refined and accurate.
ACTIVITY	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) - BUSINESS PERFORMANCE AND IT					
Business Continuity – As FNDC does not have a business continuity plan then in an event Information and communications technology (ICT) will not be able to deliver core ICT services as required during an event and then during the recovery from the event.	5	4	High	Data is backed up to tape and sent offsite. In the event of a disaster then new systems procured and the IT environment recreated.	Medium	Council is currently investigating outsourcing ICT infrastructure, which has the potential to include IT Business Continuity. Ultimately whatever solution is implemented will need to be tested to be sure the risk has been adequately mitigated.
Growth of demand for storage and processing speed requires urgent implementation of additional storage which is unplanned.	4	4	High	Avoidance	High	Identification of test environments and archive environments that do not require to be backed up on a daily basis. Commencement of scanned information management practices to identify duplication of images.