

The Chairman and Councillors
Finance and Corporate Committee

NOTICE IS GIVEN that the next meeting of the **Finance and Corporate Committee** will be held in **Council Meeting Room One, Bay of Plenty Regional Council, 5 Quay Street, Whakatane** on:

EMBARGOED

Until 2 working days before meeting on:

Tuesday, 10 May 2011

commencing at 9.30 a.m.

Bill Bayfield
Chief Executive

3 May 2011

Finance and Corporate Committee – Terms of Reference

The Finance and Corporate Committee has a core function for formulating finance policy and monitoring financial and corporate performance.

Delegated Function

To develop and monitor Council's financial policy and corporate performance.

Membership

Eleven Councillors including the Chairman as Ex-Officio.

Term of the Committee

For the period of the 2010/2013 Triennium unless discharged earlier by the Regional Council.

Specific Responsibilities and Delegated Authority

The Finance and Corporate Committee is delegated the power of authority to:

- 1 Receive the Council's quarterly overall financial reports and to review the appropriateness of reports received and if necessary make recommendations to council on financial matters arising from council's financial reports.
- 2 Receive quarterly reports on corporate performance, if required.
- 3 Receive and consider month-end financial reports between quarters, if required.
- 4 Preview and approve the form and content of the annual financial statements.
- 5 Monitor Council's overall service and financial performance against the Ten Year Plan and Annual Plan, including overseeing the production of the Annual Report.
- 6 Develop, approve and review council's funding and financial policies.
- 7 Review internal financial systems.
- 8 Audit financial decisions, if required.
- 9 Consider significant corporate matters that require governance input.
- 10 Consider applications for the remittance of user fees, charges and rates that can not be dealt with under the delegation of another committee.
- 11 Establish subcommittees and delegate to them any authorities that have been delegated by council to the Finance and Corporate Committee and to appoint members (not limited to members of the Finance and Corporate Committee).
- 12 Approve its Subcommittee's recommendations for matters outside the Subcommittee delegated authority.
- 13 Approve, within its terms of reference, the transfer of budget levels between activities or to exceed the budget level for an activity with no commensurate savings elsewhere, up to \$100,000 and to recommend to Council amounts exceeding \$100,000.

Note:

The Finance and Corporate Committee reports directly to the Regional Council.

The Finance and Corporate Committee is not delegated the power of authority to:

- *Develop, approve or review strategic policy and strategy.*
- *Develop, approve or review non financial operational policies and plans.*
- *Allocate funding through the Environmental Enhancement Fund.*

Committee Membership

Chairman:	P Thompson
Deputy Chairman:	P Sherry
Councillors:	R Bennett, T Eru, J Mansell, J Nees, I Noble, D Owens, L Thurston, M Whitaker
Ex Officio:	Chairman J Cronin
Secretary:	S Cubbon

Recommendations in reports are not to be construed as Council policy until adopted by Council.

Agenda

1 **Apologies**

2 **General Business and Tabled Items**

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be delayed until a subsequent meeting.

3 **Reports**

3.1 **Chairperson's Report** **9**

3.2 **Christchurch Earthquake Response Costs** **17**

3.3 **Important Changes to LAPP** **19**

3.4 **Presentation - Regional and National Geospatial Matters**

3.4 **Quarterly Performance Report for the nine months ending 31 March 2011** **21**

4 **Public Excluded Section**

Resolution to exclude the public

THAT the public be excluded from the following parts of the proceedings of this meeting.

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:

4.1 **Investment Performance Report for the quarter ending 31 March 2011**

27

Investment Fund Valuation and Report for March Quarter 2011

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.

Grounds

That the public conduct of the whole or 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 would exist.

5 **Consideration of General Business**

Reports

File Reference: 1.00026
Significance of Decision: Receives Only - No Decisions



Report To: Finance and Corporate Committee
Meeting Date: 10 May 2011
Report From: Finance and Corporate Committee Chairperson

Chairperson's Report

Executive Summary

This report provides the Committee with information on corporate services activities that are being undertaken, what has been done to date, and what is planned for the future.

1 Recommendations

That the Finance and Corporate Committee under its delegated authority:

1 Receives the report, Chairperson's Report.

2 Improvement Initiatives

One of the key responsibilities of this committee is to monitor the performance of the corporate services activities. A number of improvement initiatives have been presented to the committee in the past and this continues with more included in today's agenda.

My understanding is that as a Council we want to ensure that we are focused on efficiency and effectiveness gains - i.e. making sure that we focus on achieving best outcomes for best use of resources.

We recognize that this is important not solely as an outturn of good and best practice, but to ensure we focus on the best use of all instruments (including revenue instruments) to drive continuous improvement and productivity

Keeping this responsibility at the forefront of our meeting agenda is a priority for me so I have taken to reporting on this in my Chairpersons report.

The following sets out a start to the Internal focused initiatives. This is a work in progress and will be added to as a result of Councillor and Management input.

What has been done	What was this	Outcomes	Status	Budget
IM Services Review	Reviewed the information management and IT services offered and bench marked these against other similar councils.	Endorsement of most service levels being offered. Develop a programme for a move to a thin client desktop.	Completed. Action points underway. Key point of improvement is the development of a thin client strategy planned for 3rd and 4th quarter of this calendar year.	The review was \$30,240 excl expenses/ Actual was \$30,585 incl expenses. The actions have no specific budget as they will be accommodated within current operating budgets.
Data Monitoring Review	Review of how we capture, store and utilize data used in delivering our external functions.	A 5 year development pathway has been established focused on improvements across the board. See paper in today's agenda.	Completed. Action points underway and will help develop next Ten Year Plan.	\$10,000 consultancy plus staff time charges to operational expenses.
Laboratory review	Reviewed the need for and operation of an internal laboratory service. Services were benchmarked against other possible options and the market conditions were analysed to identify risks of seeking alternate delivery mechanisms.	Internal service delivery was identified as the best option. Operational improvements were identified. Improved lab performance achieved both financially and in quality assurance.	Completed.	\$15,000 approx including staff time.
Participation in BoPLASS Ltd	This is a long term strategy aimed at obtaining benefits through the aggregation of procurement and service delivery in the back office. There are 9 participating councils.	Improved procurement – insurance, geospatial data, office and stationery equipment, telecommunication services etc. Developing an operating platform for inter council IT services to operate on so that IT dependent shared services can commence.	The half year and full year reports were considered by the Committee at its meeting on 5 April as well as the Statement of Intent.	\$115,000 in procurement savings for council was reported for the 2009/10 year. This level of savings is predicted to continue through the current year. Intangible returns such as the benefits of joint procurement of aerial photography.

What is Planned for the future	What is this	What will be the outcomes	Status	Budget
Corporate Services Strategy	An overall strategy looking at all corporate services, identifying their inter relationships and opportunities for improvements and what will be needed to be done to remove barriers to maximizing these opportunities.	An integrated, planned approach to corporate service offerings. Improved service levels, improved productivity and where achievable additional cost reductions.	In draft form.	
Internal Communications	This plan provides an overview of our current environment, and outlines our goals and objectives, what we will deliver and how we will measure success. It sets out the roles and responsibilities of managers and staff for different teams and levels and discusses key initiatives and projects to manage and develop our internal communications programme.	<p>The goals we want to achieve through our internal communications plan are:</p> <ul style="list-style-type: none"> • improved knowledge and information flows through effective and efficient use of internal communications' tools; • innovative and flexible in our approach to internal communications; • increased support for our internal communications approach and initiatives by all staff; and • know we're succeeding on internal communications. 	To be confirmed.	
Community Relations Strategy	This strategy is being reviewed and updated to provide guidance on the approach that the organisation will take to Community Relations.	A five-year strategic direction for Community Relations and how the organisation approaches this work and why.	To be confirmed.	

What is Planned for the future	What is this	What will be the outcomes	Status	Budget
Enterprise Architecture Project	This project will identify the current state and desired future state of the Information Management environment. This will include the desktop, network, application and data infrastructure areas. The councils IT environment has grown organically over the years. A more sophisticated, interconnected environment requires a detailed architectural plan.	A detailed architectural plan showing the interdependencies of our physical equipment and the information it carries allowing for more efficient and informed adds, moves and deletions.	Identification of the current state is near completion. A presentation to the committee is planned once the draft future state is identified. This project was identified in and forms part of the second year actions of the IM Strategy developed 2 years ago.	\$147,000. Includes, staff time, consultancy and software.
Information Strategy Review	This project will review the current Information Management Strategy. This strategy is the key guiding strategy for the Information Management sections of the Technology Group.	A revised 3 year strategy showing current state and desired future state. The implementation of the findings of this strategy are subject to funding resources if required.	Project commences 1 July 2011.	\$53,000 plus staff time (charged to staff capital).
Property review	A review of all properties owned by Council to identify whether they are being used appropriately.	If any parcels of land are identified as being surplus to requirements, opportunities for divestment will be explored.	Whakatane Property Update All staff have now been moved out of the Ground Floor of the West Wing in the Whakatane office. Two short term tenancies that were in place over the past several months have both come to an end. Marketing the space to secure a longer term tenant will start shortly. There will be a slight delay while alternative storage for some files is found. Once a tenant is found, there will be some work required around security in particular, to make the West Wing suitable for occupation.	Catered for in the overall property management budget.

3 **Financial Planning and Management Strategies**

Council workshopped a number of financial planning and policy documents at its workshop meeting on the 18 April 2011. These included the Financial Strategy and the Revenue and Financing Policy. Staff were able to gain sufficient direction from our discussions to allow them to efficiently prepare options for council to consider as part of the Ten Year Plan adoption process.

A further workshop was held on the 27th April focussing on developing new draft community outcomes based on the early community consultation exercise carried out in Rotorua.

4 **Financial Implications**

Current Budget

There are no current budget implications leading from this report.

Future Implications

There are no future implications leading from this report.

Ten Year / Annual Plan Implications

There are no Ten Year/Annual Plan implications leading from this report.

Brian Trott

Group Manager Corporate Services

for Finance and Corporate Committee Chairperson

3 May 2011

File Reference: 3.00105
Significance of Decision: Medium



Report To: Finance and Corporate Committee
Meeting Date: 10 May 2011
Report From: Ken Tarboton, Group Manager Environmental Hazards

Christchurch Earthquake Response Costs

Executive Summary

The Bay of Plenty Regional Council contributed to the response to the Christchurch Earthquake through the provision of staff expertise. The cost of this assistance is \$89,907.00. It is recommended Council absorb this cost within the current operating budget.

1 Recommendations

That the Finance and Corporate Committee under its delegated authority:

- 1 Receives the report, Christchurch Earthquake Response Costs.**
- 2 Confirms that the significance of the decision has been assessed as MEDIUM, and under Section 79 of the Local Government Act 2002 (LGA) confirms that in light of the level of significance of the decision it does not require: (a) Further identification and assessment of different options under section 77 LGA; (b) Further investigation or consideration of community views under section 78 LGA; (c) Any further written record of the manner in which section 77 and section 78 matters have been addressed.**

That the Finance and Corporate Committee recommend that the Regional Council:

- 1 Receives the report, Christchurch Earthquake Response Costs.**
- 2 Resolve to absorb the costs of responding to the Canterbury Earthquake of 22 February 2011 within the current operating budget.**

2 Response to the Christchurch Earthquake of 22 February 2011

Over the period 24 February – 15 April 2011, the Bay of Plenty Regional Council provided personnel support to response operations in Christchurch following the M6.3 earthquake on 22 February 2011. Support provided also extended to managing the welfare of displaced Christchurch residents who relocated to Tauranga for a period of time. The total unbudgeted expenditure on this response was \$89,907.00. This is predominately attributable to staff salaries together with the services of the Civil Defence Emergency Management Group Welfare Manager (\$7,247.00). The appendix sets out the costs incurred in more detail.

Whilst staff salaries are already factored into the Regional Council operating budget over various programmes, no specific budget is allocated for response to natural hazard or other emergency events. Significant experience has been gained through the deployment of Civil Defence Emergency Management and other council staff in support of this response. If an event of a similar or greater magnitude occurred in the Bay of Plenty, we would also require external assistance. It is recommended Council absorb the costs incurred in the response to the Christchurch Earthquake within the current operating budget.

3 **Analysis of Options**

There are two main options; absorb the cost or submit a claim to the Ministry of Civil Defence Emergency Management to recover some (but not all) costs.

4 **Community Views Already Held By Environment Bay of Plenty**

Not applicable.

5 **Financial Implications**

Current Budget

The civil defence emergency management budget is the only programme area affected. Due to a projected underspend in operating budget across Regional Council programmes, absorbing the cost of the response to the Christchurch earthquake is well within the current operating budget.

Future Implications

There are no future implications at this point in time.

Ten Year / Annual Plan Implications

There are no ten year / annual plan implications.

Greg Wilson
Manager Maritime & Emergency Management

for Group Manager Environmental Hazards

29 April 2011

Appendix

Task Transactions Report

RS Code	Resource Description	Posting Date	Doc Ref	Per	Amount1	Hours	Task Narration 1	Task Narration 2	Task Narration 3	Image File Name
Subtask 60023000 Canterbury Earthquake Event February 201										
Resource Code: 1165										
1165	Consumables	40632	335446	9	49.13	0			ChumleighsFood	\EB114465.TIF
					Sub Total	49.13				
Resource Code: 1223										
1223	Consultancy Fees	40616	0006	9	702.17	0			Louise Hunton (\EB114606.TIF
1223	Consultancy Fees	40651	0007	10	6545	0			Louise Hunton (\EB113816.TIF
					Sub Total	7,247.17				
Resource Code: 1261										
1261	General Expenses	40603	0000495	8	147.75	0			Breakers Cafe &	\EB114002.TIF
1261	General Expenses	40610	0977	8	23.24	0			New World Mount	\EF105916.TIF
1261	General Expenses	40617	2422	9	86	0			Bake Shack	\EB114736.TIF
1261	General Expenses	40632	PY125968	9	40.38	0	Debbie Anne Chapman	PayGlobal Reconciliation	1121 PaySequence	\EB091414.TIF
1261	General Expenses	40646	PY135330	9	253.57	1	Accrual Payroll to 31.03.2011	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
1261	General Expenses	40646	PY135331	10	-253.57	1	Gregory Phillip Wilson	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
1261	General Expenses	40646	PY135327	10	253.57	1	Gregory Phillip Wilson	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
1261	General Expenses	40662	PY136870	10	435.65	0	Gregory Phillip Wilson	PayGlobal Reconciliation	1135 PaySequence	\EB091430.TIF
					Sub Total	986.59				
Resource Code: 2162										
2162	Travel & Accomodation	40617	1905.004	9	393.48	0	Glenn Majoribanks	142180	OrbitCorporate	\EB115686.TIF
2162	Travel & Accomodation	40617	1905.004	9	390	0	Shay Harrop	142181	OrbitCorporate	\EB115686.TIF
2162	Travel & Accomodation	40617	PY120297	9	91.67	0	Debbie Anne Chapman	PayGlobal Reconciliation	1111 PaySequence	\EB091406.TIF
2162	Travel & Accomodation	40617	RV000264	8	45.84	0	Adj for salary for 21 - 25 February	-	-	\EB091406.TIF
2162	Travel & Accomodation	40617	RV000264	8	38.41	0	Adj for salary for 21 - 25 February	-	-	\EB091406.TIF
2162	Travel & Accomodation	40617	RV000264	9	-45.84	0	Adj for salary for 21 - 25 February	-	-	\EB091406.TIF
2162	Travel & Accomodation	40617	PY120297	9	76.81	0	Clinton Naude	PayGlobal Reconciliation	1111 PaySequence	\EB091406.TIF
2162	Travel & Accomodation	40617	RV000264	9	-38.41	0	Adj for salary for 21 - 25 February	-	-	\EB091406.TIF
2162	Travel & Accomodation	40646	PY135330	9	134.38	2	Accrual Payroll to 31.03.2011	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2162	Travel & Accomodation	40646	PY135330	9	103.16	2	Accrual Payroll to 31.03.2011	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2162	Travel & Accomodation	40646	PY135331	10	-134.38	2	Jeanette W Frances Kimber	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2162	Travel & Accomodation	40646	PY135331	10	-103.16	2	Michael Anthony Cusi	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2162	Travel & Accomodation	40646	PY135327	10	134.38	2	Jeanette W Frances Kimber	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2162	Travel & Accomodation	40646	PY135330	9	614.08	2	Accrual Payroll to 31.03.2011	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2162	Travel & Accomodation	40646	PY135327	10	103.16	2	Michael Anthony Cusi	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2162	Travel & Accomodation	40646	PY135331	10	-614.08	2	Gregory Phillip Wilson	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2162	Travel & Accomodation	40646	PY135327	10	614.08	2	Gregory Phillip Wilson	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2162	Travel & Accomodation	40659	1953.004	10	444.78	0	Clinton Naude	142176	OrbitCorporate	\EB113398.TIF
					Sub Total	2,248.36				
Resource Code: 2165										
2165	Incidental	40646	PY135330	9	94.22	1	Accrual Payroll to 31.03.2011	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2165	Incidental	40646	PY135330	9	67.3	1	Accrual Payroll to 31.03.2011	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2165	Incidental	40646	PY135331	10	-94.22	1	Jonathan Edward Edney	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2165	Incidental	40646	PY135331	10	-67.3	1	Michael Anthony Cusi	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF
2165	Incidental	40646	PY135327	10	94.22	1	Jonathan Edward Edney	PayGlobal Reconciliation	1130 PaySequence	\EB091427.TIF

2165	Incidental	40646 PY135327	10	67.3	1 Michael Anthony Cusi	PayGlobal Reconciliation	1130 PaySequence\EB091427.TIF
			Sub Total	161.52			
Resource Code: 3700							
3700	Staff Charges	40602 PY113191	8	490	7 Matt Cowley	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40602 PY113195	8	70	1 Matt Cowley	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40602 PY113319	8	680	8 Linda Thompson	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40602 PY113339	8	300	6 Anna Butler	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40602 PY113346	8	200	4 Anna Butler	Date Worked; 25/02/2011	1019 Pay Sequence
3700	Staff Charges	40602 PY113422	8	150	2 Jeni Kimber	Date Worked; 22/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY113468	8	191	4.25 Kim Wilson	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY113470	8	247	5.5 Kim Wilson	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY113706	8	382.5	4.5 Jon Edney	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY113749	8	450	6 Jessica Zink	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY113991	8	350	5 Ross Willetts	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY114340	8	320	4 Donna Watchman	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY114383	8	255	3 Andy McKay	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY114387	8	510	6 Andy McKay	Date Worked; 25/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY114933	8	450	6 Mike Furniss	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115175	8	255	3 Stephen Tierney	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115214	8	450	9 Jackie Bartlett	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115217	8	50	1 Jackie Bartlett	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115219	8	200	4 Jackie Bartlett	Date Worked; 25/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115358	9	112.5	2.5 Donna Geldenhuys	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115359	9	360	8 Donna Geldenhuys	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY113999	8	320	4 Donna Watchman	Date Worked; 25/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115372	9	112.5	2.5 Donna Geldenhuys	Date Worked; 25/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115392	9	300	4 Clinton Naude	Date Worked; 22/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115393	9	225	3 Clinton Naude	Date Worked; 22/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115394	9	600	8 Clinton Naude	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115396	9	375	5 Clinton Naude	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115178	8	552.5	6.5 Stephen Tierney	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115398	9	600	8 Clinton Naude	Date Worked; 25/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115399	9	600	8 Clinton Naude	Date Worked; 26/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115400	9	1050	14 Clinton Naude	Date Worked; 27/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115455	9	262.5	2.5 Emlyn Hatch	Date Worked; 25/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115558	9	525	5 Emlyn Hatch	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115366	9	11.25	0.25 Donna Geldenhuys	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40609 PY115733	9	960	8 Bruce Gardner	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40609 PY115734	9	240	2 Bruce Gardner	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40609 PY115739	9	720	6 Bruce Gardner	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40616 PY115828	9	170	1 Warwick Murray	Date Worked; 3/03/2011	1019 Pay Sequence
3700	Staff Charges	40605 PY115397	9	600	8 Clinton Naude	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY118553	9	90	0.5 Ken Tarboton	Date Worked; 28/02/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY118556	9	90	0.5 Ken Tarboton	Date Worked; 1/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY118558	9	90	0.5 Ken Tarboton	Date Worked; 2/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY118561	9	90	0.5 Ken Tarboton	Date Worked; 3/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY118566	9	90	0.5 Ken Tarboton	Date Worked; 4/03/2011	1019 Pay Sequence
3700	Staff Charges	40609 PY115695	9	680	8 Stephen Lamb	Date Worked; 24/02/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119033	9	75	1 Clinton Naude	Date Worked; 28/02/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119036	9	75	1 Clinton Naude	Date Worked; 1/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119037	9	450	6 Clinton Naude	Date Worked; 1/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119041	9	75	1 Clinton Naude	Date Worked; 2/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119042	9	450	6 Clinton Naude	Date Worked; 2/03/2011	1019 Pay Sequence

3700	Staff Charges	40617 PY119046	9	450	6 Clinton Naude	Date Worked; 3/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119049	9	225	3 Clinton Naude	Date Worked; 4/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119050	9	225	3 Clinton Naude	Date Worked; 4/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119052	9	300	4 Clinton Naude	Date Worked; 5/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119053	9	300	4 Clinton Naude	Date Worked; 6/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119032	9	450	6 Clinton Naude	Date Worked; 28/02/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY116076	9	75	1 Debbie Chapman	Date Worked; 1/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY116077	9	600	8 Debbie Chapman	Date Worked; 1/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY116179	9	600	8 Debbie Chapman	Date Worked; 28/02/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY119045	9	225	3 Clinton Naude	Date Worked; 3/03/2011	1019 Pay Sequence
3700	Staff Charges	40617 PY116075	9	75	1 Debbie Chapman	Date Worked; 28/02/2011	1019 Pay Sequence
3700	Staff Charges	40619 PY121705	9	200	2 Greg Wilson	Date Worked; 7/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121707	9	800	8 Greg Wilson	Date Worked; 7/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121708	9	300	3 Greg Wilson	Date Worked; 8/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121709	9	800	8 Greg Wilson	Date Worked; 8/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121710	9	800	8 Greg Wilson	Date Worked; 9/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121712	9	500	5 Greg Wilson	Date Worked; 10/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121713	9	800	8 Greg Wilson	Date Worked; 10/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121734	9	450	6 Clinton Naude	Date Worked; 7/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121735	9	150	2 Clinton Naude	Date Worked; 7/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121738	9	150	2 Clinton Naude	Date Worked; 8/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121743	9	150	2 Clinton Naude	Date Worked; 9/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121744	9	450	6 Clinton Naude	Date Worked; 9/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121747	9	450	6 Clinton Naude	Date Worked; 10/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121748	9	300	4 Clinton Naude	Date Worked; 10/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121752	9	75	1 Clinton Naude	Date Worked; 11/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121711	9	300	3 Greg Wilson	Date Worked; 9/03/2011	1020 Pay Sequence
3700	Staff Charges	40619 PY121756	9	75	1 Clinton Naude	Date Worked; 13/03/2011	1020 Pay Sequence
3700	Staff Charges	40625 PY116547	9	112	2.5 Donna Geldenhuys	Date Worked; 3/03/2011	1019 Pay Sequence
3700	Staff Charges	40625 PY116623	9	300	3 Greg Wilson	Date Worked; 22/02/2011	1019 Pay Sequence
3700	Staff Charges	40625 PY116624	9	300	3 Greg Wilson	Date Worked; 22/02/2011	1019 Pay Sequence
3700	Staff Charges	40625 PY116625	9	400	4 Greg Wilson	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40619 PY121740	9	450	6 Clinton Naude	Date Worked; 8/03/2011	1020 Pay Sequence
3700	Staff Charges	40625 PY116629	9	800	8 Greg Wilson	Date Worked; 25/02/2011	1019 Pay Sequence
3700	Staff Charges	40625 PY116630	9	350	3.5 Greg Wilson	Date Worked; 25/02/2011	1019 Pay Sequence
3700	Staff Charges	40625 PY116631	9	1100	11 Greg Wilson	Date Worked; 26/02/2011	1019 Pay Sequence
3700	Staff Charges	40625 PY116632	9	1300	13 Greg Wilson	Date Worked; 27/02/2011	1019 Pay Sequence
3700	Staff Charges	40625 PY116651	9	67	1.5 Donna Geldenhuys	Date Worked; 1/03/2011	1019 Pay Sequence
3700	Staff Charges	40619 PY121753	9	450	6 Clinton Naude	Date Worked; 11/03/2011	1020 Pay Sequence
3700	Staff Charges	40626 PY116851	9	240	2 Bronwyn Campbell	Date Worked; 28/02/2011	1019 Pay Sequence
3700	Staff Charges	40626 PY116854	9	240	2 Bronwyn Campbell	Date Worked; 1/03/2011	1019 Pay Sequence
3700	Staff Charges	40626 PY116857	9	240	2 Bronwyn Campbell	Date Worked; 2/03/2011	1019 Pay Sequence
3700	Staff Charges	40626 PY116861	9	240	2 Bronwyn Campbell	Date Worked; 3/03/2011	1019 Pay Sequence
3700	Staff Charges	40626 PY116863	9	240	2 Bronwyn Campbell	Date Worked; 4/03/2011	1019 Pay Sequence
3700	Staff Charges	40625 PY116626	9	800	8 Greg Wilson	Date Worked; 23/02/2011	1019 Pay Sequence
3700	Staff Charges	40626 PY126020	9	150	2 Debbie Chapman	Date Worked; 9/03/2011	1020 Pay Sequence
3700	Staff Charges	40626 PY126021	9	600	8 Debbie Chapman	Date Worked; 10/03/2011	1020 Pay Sequence
3700	Staff Charges	40626 PY126022	9	600	8 Debbie Chapman	Date Worked; 11/03/2011	1020 Pay Sequence
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3700	Staff Charges	40625 PY116657	9	67	1.5 Donna Geldenhuys	Date Worked; 2/03/2011	1019 Pay Sequence
3700	Staff Charges	40632 PY126703	9	112.5	1.5 Jeni Kimber	Date Worked; 14/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY126705	9	75	1 Jeni Kimber	Date Worked; 15/03/2011	1020 Pay Sequence

3700	Staff Charges	40632 PY126706	9	562.5	7.5 Jeni Kimber	Date Worked; 15/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY126707	9	562.5	7.5 Jeni Kimber	Date Worked; 16/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY126708	9	562.5	7.5 Jeni Kimber	Date Worked; 17/03/2011	1020 Pay Sequence
3700	Staff Charges	40626 PY126019	9	600	8 Debbie Chapman	Date Worked; 9/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY126710	9	300	4 Jeni Kimber	Date Worked; 19/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY126711	9	637.5	8.5 Jeni Kimber	Date Worked; 20/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128448	9	510	6 Jon Edney	Date Worked; 14/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128449	9	510	6 Jon Edney	Date Worked; 15/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128450	9	722.5	8.5 Jon Edney	Date Worked; 16/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY126702	9	562.5	7.5 Jeni Kimber	Date Worked; 14/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128452	9	722.5	8.5 Jon Edney	Date Worked; 18/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128453	9	637.5	7.5 Jon Edney	Date Worked; 19/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128454	9	106.25	1.25 Jon Edney	Date Worked; 19/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128455	9	106.25	1.25 Jon Edney	Date Worked; 20/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128456	9	382.5	4.5 Jon Edney	Date Worked; 20/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY126709	9	562.5	7.5 Jeni Kimber	Date Worked; 18/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128568	9	100	1 Greg Wilson	Date Worked; 15/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128576	9	200	2 Greg Wilson	Date Worked; 16/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128588	9	100	1 Greg Wilson	Date Worked; 18/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128640	9	440	8 Mike Cusi	Date Worked; 15/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128641	9	330	6 Mike Cusi	Date Worked; 15/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128451	9	722.5	8.5 Jon Edney	Date Worked; 17/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128643	9	440	8 Mike Cusi	Date Worked; 16/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128644	9	220	4 Mike Cusi	Date Worked; 17/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128645	9	440	8 Mike Cusi	Date Worked; 17/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128646	9	440	8 Mike Cusi	Date Worked; 18/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128647	9	440	8 Mike Cusi	Date Worked; 19/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128562	9	400	4 Greg Wilson	Date Worked; 14/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128650	9	330	6 Mike Cusi	Date Worked; 20/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY128651	9	440	8 Mike Cusi	Date Worked; 20/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY130374	9	75	1 Clinton Naude	Date Worked; 21/03/2011	1061 Pay Sequence
3700	Staff Charges	40632 PY130378	9	75	1 Clinton Naude	Date Worked; 22/03/2011	1061 Pay Sequence
3700	Staff Charges	40632 PY128642	9	220	4 Mike Cusi	Date Worked; 16/03/2011	1020 Pay Sequence
3700	Staff Charges	40632 PY130387	9	75	1 Clinton Naude	Date Worked; 24/03/2011	1061 Pay Sequence
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3700	Staff Charges	40633 PY128974	9	562.5	7.5 Jeni Kimber	Date Worked; 21/03/2011	1061 Pay Sequence
3700	Staff Charges	40633 PY129055	9	525	7 Jeni Kimber	Date Worked; 27/03/2011	1061 Pay Sequence
3700	Staff Charges	40632 PY128649	9	220	4 Mike Cusi	Date Worked; 19/03/2011	1020 Pay Sequence
3700	Staff Charges	40633 PY117310	9	800	8 Greg Wilson	Date Worked; 28/02/2011	1019 Pay Sequence
3700	Staff Charges	40633 PY117311	9	800	8 Greg Wilson	Date Worked; 1/03/2011	1019 Pay Sequence
3700	Staff Charges	40633 PY117312	9	300	3 Greg Wilson	Date Worked; 1/03/2011	1019 Pay Sequence
3700	Staff Charges	40633 PY117313	9	225	2.25 Greg Wilson	Date Worked; 2/03/2011	1019 Pay Sequence
3700	Staff Charges	40633 PY117314	9	800	8 Greg Wilson	Date Worked; 2/03/2011	1019 Pay Sequence
3700	Staff Charges	40632 PY130383	9	75	1 Clinton Naude	Date Worked; 23/03/2011	1061 Pay Sequence
3700	Staff Charges	40633 PY117320	9	300	3 Greg Wilson	Date Worked; 3/03/2011	1019 Pay Sequence
3700	Staff Charges	40633 PY117321	9	800	8 Greg Wilson	Date Worked; 4/03/2011	1019 Pay Sequence
3700	Staff Charges	40633 PY117322	9	1625	16.25 Greg Wilson	Date Worked; 5/03/2011	1019 Pay Sequence
3700	Staff Charges	40633 PY117323	9	800	8 Greg Wilson	Date Worked; 6/03/2011	1019 Pay Sequence
3700	Staff Charges	40638 PY134552	10	600	6 Greg Wilson	Date Worked; 29/03/2011	1061 Pay Sequence
3700	Staff Charges	40633 PY117309	9	400	4 Greg Wilson	Date Worked; 28/02/2011	1019 Pay Sequence
3700	Staff Charges	40638 PY134554	10	800	8 Greg Wilson	Date Worked; 30/03/2011	1061 Pay Sequence
3700	Staff Charges	40638 PY134555	10	300	3 Greg Wilson	Date Worked; 30/03/2011	1061 Pay Sequence
3700	Staff Charges	40638 PY134556	10	500	5 Greg Wilson	Date Worked; 31/03/2011	1061 Pay Sequence

3700	Staff Charges	40638 PY134558	10	800	8 Greg Wilson	Date Worked; 31/03/2011	1061 Pay Sequence
3700	Staff Charges	40638 PY134559	10	400	4 Greg Wilson	Date Worked; 1/04/2011	1061 Pay Sequence
3700	Staff Charges	40633 PY117319	9	300	3 Greg Wilson	Date Worked; 3/03/2011	1019 Pay Sequence
3700	Staff Charges	40638 PY134561	10	400	4 Greg Wilson	Date Worked; 2/04/2011	1061 Pay Sequence
3700	Staff Charges	40638 PY134562	10	800	8 Greg Wilson	Date Worked; 2/04/2011	1061 Pay Sequence
3700	Staff Charges	40638 PY134563	10	400	4 Greg Wilson	Date Worked; 3/04/2011	1061 Pay Sequence
3700	Staff Charges	40638 PY134564	10	800	8 Greg Wilson	Date Worked; 3/04/2011	1061 Pay Sequence
3700	Staff Charges	40638 PY134553	10	800	8 Greg Wilson	Date Worked; 29/03/2011	1061 Pay Sequence
3700	Staff Charges	40638 PY134560	10	800	8 Greg Wilson	Date Worked; 1/04/2011	1061 Pay Sequence
3700	Staff Charges	40662 PY141961	10	300	3 Greg Wilson	Date Worked; 4/04/2011	1062 Pay Sequence
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3700	Staff Charges	40662 PY141963	10	400	4 Greg Wilson	Date Worked; 5/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141965	10	800	8 Greg Wilson	Date Worked; 5/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141967	10	800	8 Greg Wilson	Date Worked; 6/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141968	10	400	4 Greg Wilson	Date Worked; 7/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141969	10	800	8 Greg Wilson	Date Worked; 7/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141970	10	500	5 Greg Wilson	Date Worked; 8/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141971	10	800	8 Greg Wilson	Date Worked; 8/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141973	10	300	3 Greg Wilson	Date Worked; 11/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141974	10	400	4 Greg Wilson	Date Worked; 12/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141976	10	800	8 Greg Wilson	Date Worked; 12/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141977	10	400	4 Greg Wilson	Date Worked; 13/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141978	10	800	8 Greg Wilson	Date Worked; 13/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141966	10	400	4 Greg Wilson	Date Worked; 6/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141979	10	300	3 Greg Wilson	Date Worked; 14/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141980	10	800	8 Greg Wilson	Date Worked; 14/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141981	10	400	4 Greg Wilson	Date Worked; 15/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141982	10	800	8 Greg Wilson	Date Worked; 15/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141983	10	1000	10 Greg Wilson	Date Worked; 16/04/2011	1062 Pay Sequence
3700	Staff Charges	40662 PY141972	10	800	8 Greg Wilson	Date Worked; 11/04/2011	1062 Pay Sequence
			Sub Total	79,214.75			
			Grand Total	89,907.52			

File Reference: 1.00026
Significance of Decision: Receives Only - No Decisions



Report To: Finance and Corporate Committee
Meeting Date: 10 May 2011
Report From: Ken Tarboton, Group Manager Environmental Hazards

Important Changes to LAPP

Executive Summary

To advise Council on the implications of the recent Christchurch earthquake with respect to our infrastructure insurance cover.

1 Recommendations

That the Finance and Corporate Committee under its delegated authority:

1 Receives the report, Important Changes to LAPP.

2 Important Changes to Lapp

Recently announced changes to LAPP are provided for the information of Councillors. The Local Authority Protection Program (LAPP) which provides some of the insurance cover to Bay of Plenty Regional Council river scheme assets with a replacement value of \$197 million announced important upcoming changes to their ability to provide protections. The attached 13 April 2011 letter from Civil Assurance who administer the Local Area Protection Programme indicted that the cost of the 22 February Christchurch earthquake to Civic before reinsurance is approximately \$300 million and the claim on LAPP is between \$100 and \$200 million on top of the 4 September 2010 claims. LAPP may not have enough cover in place for the 22 February earthquake and effective 13 April, LAPP is unable to provide any more cover for flood protections until 30 June 2011.

Bay of Plenty Regional Council currently has two claims with LAPP: A claim for \$573,300 as a result of the August 2010 floods, filed 4 October 2010, and a claim for \$1,707,868 as a result of the January 2011 floods, filed 31 March 2011. A deductible of \$175,700 is applicable to each claim. The claims have been received by LAPP and have had assessors assigned to them. The status of payment of these claims is uncertain in light of the 13 April announcement.

A staff representative from Bay of Plenty Regional council will attend the 17 May 2011 meeting for LAPP members to participate in further discussion of the situation and hear of the likely way forward for LAPP.

3 **Financial Implications**

Current Budget

At this stage it is unknown what the implications are on the current budget. This will be clearer once we know whether LAPP will cover our existing claims. It will also depend on whether we have any infrastructure damage incurred between now and July 2011.

Future Implications

At this stage it is unknown what the future implications are. This will be clearer once we know whether LAPP will cover our existing claims. It will also depend on whether we have any infrastructure damage incurred between now and July 2011.

Ten Year / Annual Plan Implications

At this stage it is unknown what the implications are on the Ten Year and Annual Plans. This will be clearer once we know whether LAPP will cover our existing claims. It will also depend on whether we have any infrastructure damage incurred between now and July 2011.

Ken Tarboton
Group Manager Environmental Hazards

3 May 2011

Appendix



13 April 2011

Mr Member
Address 1
Address 2
City

Dear Name

Important Changes in LAPP's Ability to Provide Protection

On 22 February 2011 at 12:51 pm a 6.3-magnitude earthquake struck ten kilometres south-east of the centre of Christchurch causing widespread damage and multiple fatalities. At least 172 people have been confirmed dead with the final death toll expected to be around 181, making the earthquake the second-deadliest natural disaster recorded in New Zealand (after the 1931 Hawke's Bay earthquake). The following is an extract from Wikipedia about the 22 February Christchurch earthquake:

The peak ground acceleration (PGA) in the Christchurch area exceeded 1.8g (i.e. 1.8 times the acceleration of gravity), with the highest recording 2.2g, at Heathcote Valley Primary School, a shaking intensity equivalent to MM X+. This is the highest PGA ever recorded in New Zealand; the highest reading during the September 2010 event was 1.26g, recorded near Darfield. The PGA is also one of the greatest ever ground accelerations recorded in the world, and was unusually high for a 6.3 quake, and the highest in a vertical direction.

The force of the quake was "statistically unlikely" to occur more than once in 1000 years, according to one seismic engineer, with a PGA greater than many modern buildings were designed to withstand. New Zealand building codes require a building with a 50-year design life to withstand predicted loads of a 500-year event; initial reports by GNS Science suggest ground motion "considerably exceeded even 2500-year design motions" and exceeded "maximum considered events". By comparison, the 2010 quake, in which damage was predominantly to pre-1970s buildings, exerted 65% of the design loading on buildings. The acceleration experienced in February 2011 would "totally flatten" most world cities, causing massive loss of life; in Christchurch, New Zealand's stringent building codes limited the disaster. However, the most severe shaking lasted only 12 seconds, which perhaps prevented more extensive damage.

Analysts have estimated that the earthquake could cost insurers as much as NZ\$16 billion. The cost to Civic before reinsurance recoveries will be of the order of \$300 million and the claim on LAPP from \$100 to \$200 million. These amounts are on top of the 4 September 2010 Christchurch earthquake claims. Civic has full reinsurance for both earthquakes; LAPP may not have enough cover in place for the 22 February earthquake, LAPP's reinsurance being capped at 40% of \$272.5 million per event for reticulation and flood protection works.

New Zealand Local Authority Disaster Fund Trust Board

This letter is to advise that with effect from today LAPP is not able to provide any more cover for reticulation and flood protection assets until at least 30 June 2011 or suitable reinsurance cover and/or Government support is in place. The \$40 million disaster fund that LAPP held on 1 July 2010 and its reinsurance protection for reticulation and flood protection assets has been exhausted as a result of the unprecedented two earthquakes.

In addition to essentially having no further reinsurance protection for the period to 30 June 2011 for its reticulation and flood protection assets, LAPP is struggling to find reinsurance from 1 July that is not unacceptably priced (for example: a premium of \$10 million for \$15 million of cover). LAPP's two lead reinsurers, who are two of the biggest reinsurance companies in the world, have declined to offer LAPP further cover. There is some reinsurance cover available to LAPP through other reinsurers, but suitable terms have still to be negotiated.

Central government has been advised of LAPP's position including a meeting with Finance Minister Bill English on Monday, 11 April and discussions are continuing. That this matter has not been given top priority by central government is fully understandable given the situation. Our belief is that in these very unusual and unfortunate circumstances if there was another major event affecting a LAPP member that central government would not leave a community unprotected, but members of course want more certainty than that.

Members with their above-ground covers through LAPP have support from Civic Assurance. Civic Assurance has obviously taken a hit with the two earthquakes, its capital base has fallen from \$19.5 million to \$13.5 million, but its Reserve Bank solvency ratio is still an acceptable 133% of the minimum and Civic's reinsurance programme has unlimited reinstatements.

The LAPP trustees wish to continue the Fund to ensure members have the necessary cover in place to be able to access the 60% Government contribution, but LAPP will have to tailor the protection it offers to members and the contributions required from members according to the funds and reinsurance it has available. A LAPP member meeting to discuss these matters further will be held on Tuesday, 17 May at 10:00 am in Wellington (details to follow), when hopefully we will have agreed with central government a suitable support package going forward to allow LAPP to re-establish itself.

In unprecedented circumstances the LAPP Fund has performed remarkably well – attached is an article describing how well from the New Zealand Herald dated 2 March 2011. The LAPP trustees firmly believe that the LAPP Fund needs to rebuild. LAPP is the lowest long-term cost and most flexible risk-financing vehicle for protecting reticulation and flood protection assets.

If you have any questions please feel free to ring me on one of the numbers below.

Yours sincerely

Tim Sole
Chief Executive Civic Assurance, Fund Administrator
DDI (04) 978 1254
Mob: (029) 846 7653

Brian Rudman: Historic disaster fund our saviour

By [Brian Rudman](#)

5:30 AM Wednesday Mar 2, 2011

As communities up and down the country throw open their doors to refugees, and donate money, expertise and resources to earthquake-ravaged Christchurch, their biggest contribution was already in place, courtesy of LAPP.

We've all heard of the Earthquake Commission, which runs the compulsory state-run earthquake insurance scheme, set up in the aftermath of the 1931 quake in Napier when homeowners were left out of pocket because private insurers refused to cover earthquake damage. But there must be few outside the local-body bureaucracy who know of LAPP, the Local Authority Protection Programme Disaster Fund.



We can fall back on a disaster recovery plan to help meet costs of restoring water, sewerage and other essential services in Christchurch. Photo / Getty Images

It calls itself a "mutual pool created by local authorities to cater for the replacement of infrastructure following catastrophic damage by natural disaster".

At last count, 59 local authorities – ranging in size from Matamata-Piako District Council through the various Canterbury councils up to the new Auckland Council – jointly store funds to cover the catastrophic loss of local authority-owned infrastructure such as water and sewage treatment and reticulation, stormwater drainage, flood protection schemes and the like.

Last year there was great relief in other parts of the country when, during the setting up of the Auckland Council, it was decided that the Super City would continue the co-operative tradition adopted by the former Auckland councils and retain participation in LAPP.

Thanks to LAPP, Finance Minister Bill English will have one less bill to wrestle with. Well, a much-reduced one, anyway. Until 20 years ago it was assumed, but by no means written down, that the central Government would come to the rescue and cover the costs for the restoration of water, sewage and other services considered essential, but uninsurable, in the case of an emergency.

In July 1991, the Government decided to bring clarity to the situation – and spread the load. Under a newly developed disaster recovery plan, the central Government committed itself to 60 per cent of reinstatement costs for such losses, but only if the local authority demonstrated it could cover the other 40 per cent through the provision of reserve funds, effective insurance, participation in a mutual support scheme such as LAPP – and also prove a history of adequate maintenance.

In 1993, LAPP was established following a study which convinced local authorities that a mutual fund was the best option. As a result of the growing pool of contributions made by the members, the reluctant reinsurance industry finally came to the party and provided cover for what had, until then,

been difficult or impossible to insure.

Roger Gyles, general manager of finance at Civic Insurance (which administers LAPP), said that after the first Christchurch earthquake in September the estimated total claim was "in the order of \$150 million", with the Government's 60 per cent and additional estimated \$225 million.

Mr Gyles said the vast majority of its contribution was covered by reinsurance. However, following last Tuesday's earthquake, known in the industry as "C2", the final figure for "C1" will never be known. For the assessors, it's now back to square one, which looks like a much bigger claim to come.

In a report written in December by Geoff Mercer, former general manager of finance at Civic Insurance, he notes: "Damage was worse in areas of high liquefaction and lateral spreading. The most damaged of all council-owned assets was underground wastewater systems. Significant damage also occurred to above-ground pump stations."

He noted how "liquefaction not only broke pipework but shifted levels up and down". For gravity-fed wastewater systems, this is a serious problem. He thought that about 10 per cent of the Christchurch City Council's 1790km of wastewater pipes had been damaged, noting that in a normal year, the council budgeted repairs to just 4km. After the latest quake that estimate can only go up.

Mr Mercer concluded that Christchurch City's initial claim to Civic Insurance – the 69-year-old local government-owned insurance vehicle – and LAPP was thought to be the biggest single insurance claim by a single policyholder in New Zealand history.

He added: "It has reinforced the value of having adequate insurance and proved in the most convincing way possible the value of Civic Assurance and the LAPP disaster fund."

The subsequent shake only amplifies these sentiments. He could have also added that as a small bunch of people, spread across a geologically challenged group of remote islands, we New Zealanders actually don't do such a bad job of looking after ourselves.

Unknown to most of us, we do have structures on which to fall back in times of emergency – like Civil Defence, which had its origins after the Napier disaster and got a pat on the back from the head of the British urban rescue team, who said this was the best-organised rescue effort he'd attended, and like LAPP, through which local communities have joined together to assist each other in moments of need.

By [Brian Rudman](#)

File Reference: 1.00415
Significance of Decision: Receives Only - No Decisions



Report To: Finance and Corporate Committee
Meeting Date: 10 May 2011
Report From: Brian Trott, Group Manager Corporate Services

Quarterly Performance Report for the nine months ending 31 March 2011

Executive Summary

The purpose of this report is to provide an overview of the Council's performance for the nine months ending 31 March and for the Finance and Governance Committee to receive the Quarterly Performance Report for the nine months to 31 March 2011

1 Recommendations

That the Finance and Corporate Committee under its delegated authority:

- 1 Receives the report, Quarterly Performance Report for the nine months ending 31 March 2011.**

2 Introduction

This report provides a brief overview of the Council's performance for the nine months to 31 March 2011.

Accompanying this report is the full Quarterly Performance report, providing detailed non-financial and financial information for each activity for the nine month period.

3 Organisation Overview

In this quarter the Council has carried out a number of activities, including the following

- Beginning the recruitment process to replace Mr Bayfield, who will to take up a position with Environment Canterbury in June
- The Bay of Plenty Civil Defence Emergency Management Group Emergency Coordination Centre (ECC) activation following the two Canterbury earthquakes. Local teams and regional council staff were deployed to assist in Christchurch and Wellington in national and regional emergency centres. Regional staff assisted in diverse roles including planning and intelligence, lifelines coordination, management and administration. Local urban search and rescue teams were also deployed. Registration centres for evacuees operated in Tauranga/Western Bay, Rotorua, Ōpōtiki, Whakatāne and Kawerau. \$150,000 was donated to the Christchurch Mayoral Relief Fund to assist with recovery. The ECC also operated for 24 hours following the Japan earthquake

and tsunami. The region experienced unusual tidal currents and wave patterns for three to four days. No injury or property damage was reported.

- Responding to two significant flood events which occurred in the region in January – this exacerbated damage from events in August last year where repairs hadn't been completed.
- Regional Council commissioners granted consents to the council for the placement and operation of the Okere Gates and Ohau Weir.
- Complaints were received that spraying rules were not being followed as a result of preventative aerial agrichemical spraying for the kiwifruit disease Psa.
- Taking action to modify the Te Tumu Cut groyne structure at Maketū to make it suitable for recreational use.
- Welcoming to the region the inaugural University of Waikato Chair in Coastal Science, Dr Chris Battershill. The Tauranga-based position is funded by the Regional Council for 10 years.
- The inaugural allocation from the internal Bright Ideas Innovation Fund is supporting six staff projects that could improve the value and outcomes of the Regional Council's work
- There were 158 active Key Performance Indicators (KPIs) reported in the third quarter. The table below highlights the high proportion of KPIs on track. The two KPIs with red indicators are the Rotorua Lakes water quality and the number of council decision successfully judicially reviewed. Remedial work is progressing to improve the Rotorua lakes water quality to meet the targeted TLI standard. There are no other decisions currently being judicially reviewed.

Indicator	Number of KPIs	% of KPIs
Green	145	92%
Orange	11	7%
Red	2	1%

4 Financial Overview

As anticipated the third quarter has seen the high surplus of \$3.8 million at 31 December reduced to a \$1.3 million surplus as actual results trend closer to budget.

The financial results for the nine months ending 31 March 2011 show Council recorded an actual net surplus of \$1.2 million against a budgeted deficit of \$100,000. This has resulted in a net variance of \$1.3 million. It is anticipated council will report a full year surplus of around \$1.5 million.

The significant items contributing to the year to date variance are briefly identified below and explained fully in the accompanying report.

Total operating revenue \$769,000 (1.4%) less than year to date budget

User Fees and Charges & Other Public Funding contain a range of variances with an overall \$249,000 result less than budget. Overall revenue is expected to be more than budget by the year end as council have received an increase in fees and passenger fare revenue and it is anticipated this trend will continue.

Investment income was under budget by \$520,000 with less internal interest due to lower interest rates and delays in capital expenditure. Some of the gain achieved in the sale of bonds in the first quarter has been eroded from lower investment interest rates.

Total operating expenditure \$2.1 million (3.86%) was less than year to date budget this is explained below (This is made up of Operating related expenditure and Finance related cost).

Operating related expenditure has achieved a \$1.6 million result less than budget with a number of potential permanent savings.

- Consultancy fees were \$509,000 less than budgeted due to the use of in-house capacity.
- Contract work was \$1.0 million less than budgeted due to delays in work and reduced use of contractors. The current indication is the delayed works in most activities will catch up by year end.
- The other key areas of under-spend totalling \$1.5 million were \$600,000 in staff relocation, \$200,000 in training related costs, \$500,000 for non-capital equipment purchases and \$200,000 fuel costs.
- Charges and Recoveries were \$1.4 million more than budgeted due to an increase in salary costs in the use of fixed contractors and overtime costs. The increase in salaries are partially offset with the under-spend in contract work and consultancy.

Finance related costs were \$500,000 less than budget.

- Depreciation was \$528,000 less than budget due to the delayed and deferred capital works.
- Finance costs were \$1.2 million less than budgeted also due to the delayed capital and the reduced interest rates charged.
- Included in this quarter was unbudgeted \$1.2 million cost due to council having investment hedges at expected returns greater than current interest rates. This risk was recognised earlier and provisions were put in place. It was deemed prudent to recognise the loss within this financial year rather than in future years.

Capital Expenditure \$1.9 million less than budget

There are no major changes in capital expenditure in this quarter to that reported in the six month report. An update on Sustainable Water activity is the pilot de-nitrification plant at Tikitere will run for the next 12 - 16 months to test its efficiency, construction of the full scale plant should follow this testing.

5 **Financial Implications**

Current Budget

Council revenue is expected to be behind budget for the financial year with the decline in investment income. It is anticipated expenditure will follow historic trends and be higher in the last quarter of the year. Current year to date permanent savings in expenditure will be offset with the financial investment impact recognised in March.

Future Implications

None

Ten Year / Annual Plan Implications

None

Cathy Oliver

Strategic Accountant

for Group Manager Corporate Services

3 May 2011

Public Excluded Section