

WAIMAKARIRI DISTRICT COUNCIL

MINUTES OF THE MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE COUNCIL CHAMBERS, RANGORA SERVICE CENTRE, 215 HIGH STREET, RANGIORA ON TUESDAY, 12 MARCH 2024, WHICH COMMENCED AT 9AM.

PRESENT

Deputy Mayor N Atkinson (Chairperson), Councillors T Fulton, J Goldsworthy, J Ward, and P Williams.

IN ATTENDANCE

Councillors B Cairns, P Redmond

C Brown (Acting Chief Executive/ General Manager Community and Recreation), N Robinson (General Manager Finance and Business Support), S Hart (General Manager Strategy, Engagement and Economic Development), T Kunkel (Governance Team Leader), A Smith (Governance Coordinator). G Bell (replacement General Manager Finance and Business Support)

1 APOLOGIES

There were no apologies.

2 CONFLICTS OF INTEREST

No conflicts of interested were noted.

3 CONFIRMATION OF MINUTES

3.1 Minutes of a meeting of the Audit and Risk Committee held on Tuesday 13 February 2024

Moved: Councillor Fulton

Seconded: Councillor Williams

THAT the Audit and Risk Committee:

- (a) **Confirms**, as a true and accurate record, the circulated Minutes of a meeting of the Audit and Risk Committee, held on 13 February 2024.

CARRIED

3.2 Matters Arising

There were no matters arising.

4 PRESENTATION/DEPUTATION

4.1 Bancorp – Miles O'Connor

M O'Connor was in attendance and provided an update on the economy to the Committee. A PowerPoint presentation was shown to assist with the update.

Currently the tightening cycle of rising interest rates had come to an end and was expected to be entering an easing cycle. M O'Connor highlighted recent events and summarised the Monetary Policy Statement which was released on 28 February 2024. However the Reserve Bank was being more pessimistic, pointing to risks in the economy and inflation, interest rates easing and a slowdown of global markets, especially in China. This would push interest rates down by approximately 25 points and have continued to fall. Since then inflation had dropped to 4.7% however tradable inflation was

slightly higher at 5.9%. Services that were non-tradable included rentals, construction costs, insurance, electricity and rates.

Slides highlighted the United States (US) 10 year Treasury bonds compared with the New Zealand 10 year Government bonds with a slide showing the National Debt of the US, noting that the US government debt increased by \$1 trillion every 100 days. Regarding interest rates, Bank economists predicted that interest rates would start coming down sooner (middle of this year to early next year) than what the Reserve Bank were anticipating (middle of 2025). Financial markets believed the official cash rate (OCR) would start reducing between August and October 2024. M O'Connor provided an update on the OCR hiking and easing cycles since 1999 and also on the OCR 90 day and seven year swap rates for the last five years.

The Waimakariri District Council's minor breach of debt in 2023 was discussed. This occurred at the time when interest rates were elevated however since October 2023 these had fallen dramatically. This Policy breach could be rectified with updates in swaps and a suggested strategy was discussed.

M O'Connor spoke briefly on the Water Reforms, noting there had been no policy announcements to date and that funding tools would not be known until 2025. There had been inferences that new financially independent council-controlled organisations would be created. If this was the case, these organisations would be financially independent and would need to stand on their own merits. They would no longer be able to access LGFA, meaning a higher cost for funding. It was advised that this council should carry on business as usual.

Questions

Regarding the level of debt in the United States, Councillor Redmond enquired what effect this was having on the global economy. M O'Connor said the end result was unknown, however the level of spending in the US had been exponential during the last and current Presidential terms. The interest alone on US debt would soon surpass the spending on military which was estimated at \$800-900 million per year.

There was discussion on household mortgages in the US, noting they were usually set for a term of 30 years which had insulated a lot of homeowners on the financial impact of rises in interest rates. This was unlike what had happened in New Zealand with some mortgages being fixed for short terms. The increases in interest rates had impacted on households and affected the level of consumer spending dramatically, with retail sales down 6.6%.

The Reserve Bank indicated that the economy was not in a recession, however there were many areas of the country experiencing difficult financial times and the only sector that was showing any success currently appeared to be tourism. M O'Connor noted that there were many local authority clients who had advised of sharp increases in rates arrears.

Councillor Ward noted that this Council's LTP was conservative, however there was considerable growth in the district which needed to be managed. The current debt was \$180m and this was predicted to increase to \$220m. M O'Connor responded that as interest rates started to fall, there would be swaps taken out to protect against high interest rates. M O'Connor noted his biggest concern with the local government sector was rates affordability and the ability of some Councils to pay for expected capital expenditure. Waimakariri District Council was in an enviable position where it did not have massive capital expenditure increases.

Councillor Fulton enquired if it was government/public debt or private debt that was under the greatest pressure. M O'Connor responded that New Zealand had a reasonably low percentage of government debt to Gross Domestic Product (GDP) and there was a higher percentage of private debt, as a result of mortgages. This had impacted greatly on consumer spending, and rates

affordability was also an issue across the country. He concluded that this Council was in a better position than some other Councils.

The Chairperson thanked M O'Connor for attending the meeting and his presentation.

5 REPORTS

5.1 Enterprise North Canterbury's Draft Statement of Intent for the Financial Year beginning 1 July 2024, Approved Six Month Report to Council 31 December 2023, and Promotion of Waimakariri District Six Month Report 31 December 2023 – Nicole Robinson (General Manager Finance and Business Support) and Simon Hart (General Manager Strategy, Engagement and Economic Development)

ENC Chief Executive, Heather Warwick, Visit Waimakariri District Promotions Manager, Miles Dalton were in attendance to present the Six Month report for operations and promotions. Chairperson, Clare Gifford was also in attendance to present the Statement of Intent.

S Hart introduced the report and the ENC Statement of Intent for the financial year commencing 1 July 2024.

H Warwick spoke to a PowerPoint presentation which highlighted the work carried out over the six months ending 31 December 2023. The upgrades that were able to be done on cycle trails in Waimakariri, using DIA funding, had almost been completed. Approximately 27km had been upgraded, with wheelchair accessibility. ENC was working with ECan and Te Kohaka O Tuhaitara Trust on signage and the trails were expected to be completed by 30 June 2024. Stage 1 still to be undertaken was the Wheels to Waipara with the work in Waimakariri completed and it was now up to Hurunui District Council to continue the trail from Leithfield to Waipara. There was already 18km of cycle trails in the vineyards in Waipara. The ultimate aim was the Picton to Christchurch cycleway which would require a collaborative approach by the five Councils involved for this to progress.

The advertising promotional video "Waimakariri, why not make a day of it" was shown. This promotion had run from November 2023 until 4 April 2024 on many forms of digital and social media.

North Canterbury Business Awards would be held again in 2024. The 2023 Awards and gala dinner was a great success, with 370 guests attending the gala dinner and ceremony.

The Mt Oxford Forest conservation area had achieved International Dark Sky Accreditation in the last few months. The establishment of a Dark Sky Trail had the potential to bring in \$46m per year in additional income to areas along the trail. This would also bring more visitors to Oxford and its Observatory. ENC would be collaborating with Kaikoura, Hurunui, Selwyn, Methven, Timaru and McKenzie to create a Dark Skies trail.

Another promotion had been the North Course, in which restaurants and cafes produced meals using local produce from North Canterbury and matched these with local beverages. This would now be an annual event. Local supermarkets also joined in by promoting local produce. The ENC website had also recently been modified, so all local food and beverage producers could be profiled, at no cost.

A marketing campaign on living and working in North Canterbury had been developed. This project commenced over the last six months and a new website had been developed, which provided information on living here. A Tool Kit had also been developed for employers to download. This was a work in progress, after interviewing 22 large businesses, it had been decided to put

the digital marketing campaign on hold, until there was an appetite for these businesses to fund this initiative and there was a genuine need. ENC would continue to work closely with local businesses and industry. A Mainpower funded video was shown.

ENC had produced a new Strategic Plan for the next ten years following workshops held with staff, the ENC Board and the Board of Mainpower. There were three key themes in the Strategy:

1. Develop and maintain a strong regional brand identity.
2. What we do well – supporting new and existing businesses to grow and prosper.
3. Grow business numbers and working with investors to develop new visitor attractions.

Clare Gifford (ENC Board Chairperson) spoke to the ENC Draft Statement of Intent and the ten year Strategic Plan. The ENC team was small but highly motivated and staff produced a multitude of different projects and the success of these projects was how they promoted and engaged with the community.

Questions

Deputy Mayor Atkinson referred to projects that were deferred in 2023 and enquired if they were being worked on. H Warwick responded that the Profit and Loss showing a deferral, wasn't a deferral of projects, but of spending. The timing of these projects, for example the Cycle Trail, was a timing matter.

Councillor Williams had concerns that there were parts of the cycle trail in Kaikoura District, that was not going to be progressed, due to issues with the tunnels and railway. H Warwick was not aware of this. In response to a further question from Councillor Williams on the 27km of cycleway, H Warwick responded that the cycle trail in Waimakariri finishes at the Waikuku Bridge over the Ashley River. Awaiting the Woodend bypass so this may development over the next two to four years. The cycleway was looking positive for what had been completed here in Waimakariri and was hopeful that the Hurunui district would continue to seek funding to continue with its part of the cycle trail.

Councillor Ward noted the current challenges for securing funding for local promotions associations and H Warwick responded that ENC was constantly endeavouring to secure funding from external agencies.

Councillor Fulton referred to the Dark Sky Trail. H Warwick spoke on the areas and proposed attractions to be included in this trail would Hanmer Springs, Oxford, Methven and finishing in Tekapo.

Following a question from Councillor Cairns on the video 'Waimakariri – why not make a day of it', H Warwick said this was intended to be a promotion for the district of Waimakariri and did not choose to identify the specific sites that were shown in the promotional video.

Regarding the gross sales made over the past six months, Councillor Cairns asked how many of these would be for providers of local attractions. It wasn't considered that this would be a big part of this income, noting that ENC charge a 12.5% commission and some local operators do not wish to pay this.

Regarding the impact of visitors coming to Kaiapoi with the Motor Home Association site, the exact numbers of those coming into the I-site centre from the site were not known specifically however they were introducing a new way to count numbers who were visiting the ENC premises in Kaiapoi. The visitors to the Association had a positive impact on the businesses in Kaiapoi. C Gifford noted Silverstream was not seeing any of the increased market from the Motor Home Association. She would like to have some discussion on

installing signage and information to attract visitors to the Silverstream and promote the area.

Councillor Redmond questioned the figures in the staff report showing compensation received from Local Authorities and queried the possibility for the Hurunui District Council to provide a fixed contribution for the next three years. In response, H Warwick advised that the figure increased by 10% in the last year, as all other costs had increased. It was confirmed that ENC do not undertake any district promotion for Hurunui district.

Regarding the venues that ENC hired for events, Councillor Redmond asked if they prioritised the hire of Council venues, such as for the Business Awards function. H Warwick advised that the cost of hiring venues was always taken into account when endeavouring to keep the price of tickets as low as possible. For example the ticket price to last years ENC Business Awards function was \$195 per ticket. S Hart added it was a matter of balancing the cost to ENC for hosting the awards function and the cost to ratepayers.

Councillor Williams referred to the three new businesses that had been established in the district for which ENC had provided assistance to and asked if there would be follow-up support in months to come. Councillor Williams would like to see a report back to the Council on how these businesses were progressing and to see any follow up results, rather than just when a business was starting up.

Councillor Fulton mentioned the poor state of a lot of Heritage Trail signage in some parts of the district. It was pointed out that the Heritage Trail was no longer in existence, so there would need to be a process undertaken to have these signs removed.

Moved Mayor Gordon

Seconded Councillor Ward

THAT the Audit and Risk Committee:

- (a) **Receives** report No 240219023703.
- (b) **Receives** the following reports for Enterprise North Canterbury, the:
 - i. Enterprise North Canterbury's Draft Statement of Intent for the Financial year beginning 1 July 2024 (240219023457).
 - ii. Enterprise North Canterbury Promotion of Waimakariri District Six Month Report 31 December 2023 (240219023456).
 - iii. Enterprise North Canterbury's Approved Six-Month Report to Council dated 31 December 2023 (240219023455).
- (c) **Notes** that under the Local Government Act 2002, the Audit and Risk Committee may request Enterprise North Canterbury to make changes to the Statement of Intent (SOI). If this were to be the case, Enterprise North Canterbury would consider the requested changes and re-present the Statement of Intent prior to 30 June 2024.
- (d) **Acknowledges** the work carried out by Enterprise North Canterbury and thanks the Trustees and staff for their efforts.
- (e) **Circulates** the report to the Community Boards for information.

CARRIED

In supporting this recommendation and the ENC Statement of Intent, Mayor Gordon noted his support for the Wheels to Waipara cycle trail through the district. Mayor Gordon responded to previous discussion on the use of Mainpower Stadium, and noted that this was a multi-use venue, though predominantly used for sport, it was intended to be used for many different events. Mayor Gordon noted that there had been discussions at Hurunui District Council and Kaikoura District Council and the questions raised by

Councillor Redmond on contributions may well be resolved following these discussions. Mayor Gordon believed that the support for ENC was for the work that they do in our district, and that they really deliver with the work. ENC were thanked for their continued promotion of this district.

Councillor Ward extended thanks for the work of ENC which was important to the district.

5.2 Te Kōhaka ō Tuhaitara Trust - Statement of Intent for the Year ending 30 June 2025 – Chris Brown (General Manager Community and Recreation)

Trust Chairperson, Joseph Hullen was in attendance to present the Trust's Statement of Intent.

C Brown introduced the report which presented the Statement of Intent for Te Kōhaka ō Tuhaitara Trust for the year ending 30 June 2025 to be considered by the committee. This showed the intended work of the Trust both in the wider trust area and more specifically in Huria Reserve. The report was taken as read.

Regarding the projections for the Kairaki leases, J Hullen noted that these were very conservative. It would probably take more than one year to lease all the sections. Currently lease agreements had been signed for four sections with the projection to be ten leases for the first year.

Regarding funding, Councillor Redmond noted that there was provision for a 9.2% increase in Council funding and questioned why this increase was proposed. This needed to be clarified by staff and would be advised to the Council through the LTP process.

Moved: Deputy Mayor Atkinson Seconded: Mayor Gordon

THAT the Audit and Risk Committee:

- (a) **Receives** report No. 240215022164.
- (b) **Receives** the Statement of Intent for Te Kōhaka ō Tuhaitara Trust for the year ending 30 June 2025 (TRIM 240215022313).
- (c) **Notes** that under the Local Government Act 2002, the Audit and Risk Committee may request Te Kōhaka ō Tuhaitara Trust to make changes to the Statement of Intent. Te Kōhaka ō Tuhaitara Trust would consider these changes requested and re-present the Statement of Intent prior to the 30 June.
- (d) **Recommends** seven proposed changes to the draft Statement of Intent from the 2023/24 Statement of Intent for Te Kōhaka ō Tuhaitara Trust

CARRIED

Deputy Mayor Atkinson commended the Te Kōhaka ō Tuhaitara Trust on the work it was doing and looked forward to the continued work in years to come.

Mayor Gordon supported the Statement of Intent and also acknowledged the work of the Trust which had been ongoing for a number of years and the partnership with the Council was one of which he was proud of. Mayor Gordon also extended thanks to Joseph Hullen for his role as Chair of the Trust.

J Hullen took this opportunity to acknowledge the support that the Trust got from the Council. The relationship was a genuine co-governance arrangement, managing a large area of land. He took the opportunity to acknowledge the numerous activities that were available for anyone who visited Tuhaitara.

5.3 Reporting on LGOIMA Requests for the period 1 December 2023 – 29 February 2024 – Thea Kunkel (Governance Team Leader)

S Nichols presented this report which was a regular update on LGOIMA requests. The report was taken as read and there were no questions from members.

Moved: Councillor Williams Seconded: Councillor Fulton

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 240226028816 for information.
- (b) **Notes** that the Council received 62 requests and responded to 56 official requests of information from 1 December 2023 to 29 February 2024, which was 32 more than the 24 official requests responded to in the same period in 2022/23.

CARRIED

6 PORTFOLIO UPDATES

6.1 Audit, Risk, Annual / Long Term Plans – Councillor Joan Ward

LTP Consultation would commence on Friday 15 March and run to 15 April. The Consultation Document received an unmodified opinion from the Auditors. The progress of some projects were still unknown with NZTA still to advise its funding decisions. In discussions with counterparts at other Councils, it appeared that the increase in audit requirements and level of information requested by Audit NZ for the Long Term Plan had been consistent across the board. Audit NZ would return at the end of May 2024 to audit the final LTP document.

Councillor Ward extended a welcome to Greg Bell, who would be relieving General Manager Finance and Business Support, commencing with the Council on 18 March 2024.

6.2 Communications and Customer Services – Councillor Joan Ward

Customer Service Update:

- There were 225 LIMs issued in February, which was the highest number for a February since 2012. Applications were turned around in five days.
- The third rates instalment was due in February and penalty letters were sent out to 1,848 ratepayers, where all or part of the third instalment was unpaid.
- Some Customer Service staff had a first look at the new Datacom computer system during key user training held in February 2024.

Councillor Williams asked if there had been an increase in people applying for rates rebates and N Robinson responded that there had not been a significant increase, more of a gradual increase over time.

Communications Update:

- The Parks Week promotion was held from 2 – 10 March 2024 during which many different parks in the district were featured and the positive influence of getting outside and spending time in these parks was promoted. There were also several fun events held across the district on Sunday 3 March to celebrate Childrens Day.
- Nine communication plans were worked on in the last quarter of 2023, staff worked on 25 news stories and received 101 media inquiries.

- The website had 140,000 visits, up 8,000 from the same period in 2023.
- There were 369 internal website changes requested by staff.
- Social media followers on Facebook total 23,749
- Council had a new platform in Instagram now operating, with a following of 460 and growing.
- Deputy Mayor Atkinson suggested the need for a workshop with the Council and Communications staff on encouraging people to use the Council's website to source information and the best way to channel that. Staff would follow up with this workshop request.

7 QUESTIONS

There were no questions.

8 URGENT GENERAL BUSINESS

There was no urgent general business.

9 MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

In accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act (or sections 6, 7 or 9 of the Official Information Act 1982, as the case may be), it is moved:

Moved Deputy Mayor Atkinson

Seconded Councillor Goldsworthy

1. 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:

Meeting Item No. and subject	Reason for excluding the public	Grounds for excluding the public-
Confirmation of Minutes of the Public Excluded portion of the Audit and Risk Committee meeting on 13 February 2024	Good reason to withhold exists under section 7	To protect the privacy of natural persons, including that of deceased natural persons (s 7(2)(a)).

CARRIED

CLOSED MEETING

See Public Excluded minutes.

OPEN MEETING

Resolution to resume open meeting

Moved Deputy Mayor Atkinson

Seconded Councillor Williams

THAT the open meeting resumes and the business discussed with the public excluded remains public excluded.

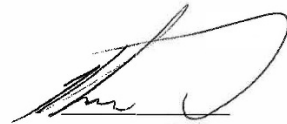
CARRIED

NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on Tuesday 14 May 2024 at 9am.

There being no further business, the meeting concluded at 10.36am.

CONFIRMED



Chairperson
Deputy Mayor Neville Atkinson

14 May 2024

Date