

**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, 14 MAY 2024, WHICH COMMENCED AT 9AM.**

**PRESENT**

Councillor J Goldsworthy (Chairperson), Deputy Mayor N Atkinson, Councillors T Fulton, J Ward, and P Williams, Mayor D Gordon (arrived at 9.15am).

**IN ATTENDANCE**

Councillors B Cairns and P Redmond.

J Millward (Chief Executive) G Bell (Acting General Manager Finance and Business Support), C Brown (General Manager Community and Recreation), G Cleary (General Manager Utilities and Rooding), S Hart (General Manager Strategy, Engagement and Economic Development), M Harris (Customer Services Manager), P Christensen (Finance Manager), H Street (Corporate Planner) (via Teams) and K Rabe (Governance Advisor).

**1 APOLOGIES**

There were no apologies.

**2 CONFLICTS OF INTEREST**

No conflicts of interest were declared.

**3 CONFIRMATION OF MINUTES**

3.1 **Minutes of a meeting of the Audit and Risk Committee held on Tuesday, 12 March 2024**

Moved: Deputy Mayor Atkinson

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 12 March 2024.

**CARRIED**

3.2 **Matters Arising**

Nil.

**4 PRESENTATION/DEPUTATION**

Nil.

## 5 REPORTS

### 5.1 Request for Approval of Rates Remission on Property Damaged by Fire – M Harris (Customer Services Manager)

M Harris spoke to the report, which requested approval for the remission of rates under the Council's Policy for Rates Remission in Miscellaneous Circumstances on three properties that had been damaged by fire.

M Harris suggested that the Council may consider extending one of its other rates remission policies, such as the Policy for Rates Remission in Natural Disasters, to cover fire events. This would authorise staff to deal with applications at the time of the disaster rather than having the Audit and Risk Committee thus saving time.

Responding to a question for Councillor Fulton, it was confirmed that the proposal would mean that staff would manage the rate remissions process in the future.

Councillor Goldsworthy queried what process was followed by other neighbouring councils. However, M Harris could not comment on the internal policies of other councils.

Moved: Deputy Mayor Atkinson

Seconded: Councillor Ward

**THAT** the Audit and Risk Committee:

- (a) **Receives** report No. 240430068280.
- (b) **Approves** the following rates remissions under the Policy for Rates Remissions in Miscellaneous Circumstances:
  - (i) 110 Ohoka Road, Kaiapoi (Rates Assessment 2176127600) – Remission \$2,801.35 for the period 14 August 2023 to 30 June 2024.
  - (ii) 163 Loburn Whiterock Road (Rates Assessment 2149015200) – Remission of \$896.89 for the period 19 January 2024 to 30 June 2024.
  - (iii) 183 Loburn Whiterock Road (Rates Assessment 2149015102) – Remission of \$828.26 for the period 19 January 2024 to 30 June 2024.
- (c) **Notes** that a new rating valuation has been obtained for each property to take effect from 1 July 2024.

**CARRIED**

Deputy Mayor Atkinson believed it would not be appropriate for the Committee to consider a change in policy at this time and recommended that staff should submit a report on the matter to the Council for a decision. However, as rates remissions due to fire were not a common occurrence, he did not believe a change to the current process was necessary.

Councillor Ward supported the motion; however, she agreed that staff should submit a report to the Council on the possible review of the policy.

### 5.2 Audit New Zealand Management Report on the Consultation Document for the proposed Long-Term Plan for the period 1 July 2024 to 30 June 2034 – G Bell (Acting General Manager Finance and Business Support)

G Bell presented Audit New Zealand's management report on the audit of the Consultation Document and the proposed 2024-34 Long Term Plan (LTP). He noted this was a two-part process with the audit of the Consultation Document completed. The second part was the audit of the full LTP to be adopted by the Council in June 2024.

Councillor Williams believed that Audit New Zealand had missed an error in the proposed staff salary figures and had an incorrect statement regarding the Skewbridge Road and

Rangiora Eastern Link Road Project, which stated, *“The Council plans to go ahead with both projects even if the NZTA funding cannot be secured....”* G Bell noted that the figures in the statement were not included in the Consultation Document which was the subject of the report being received at the meeting. However, any errors could be rectified in a disclosure statement in the final LTP document.

Councillor Williams was concerned that the statement made it appear that the Council had already made the decision to proceed with the Skew Bridge and the Rangiora Eastern Link Road project, which was not true. Regarding the error in the proposed staff salary figures, there seemed to be confusion as to the number of staff and the salary predictions for the future. G Bell explained that the staff salary figure was derived from financial modelling and had no effect on the Council’s overall budget, and a disclosure statement would clarify the matter.

Councillor Fulton sought clarification on Audit New Zealand’s responsibility in relation to the audit. He asked if their role was one of disclosure or if they verified that the information contained in the Consultation Document was relevant and substantial enough for the community to provide feedback. G Bell noted that the aim of auditing the Consultation Document was to ensure it was fit for purpose, based on sound information, well presented.

Councillor Cairns questioned Audit New Zealand’s statement that they acknowledged *“some inefficiencies and the cost associated with these would be covered by them however they would seek approval from the Office of the Auditor General to negotiate an additional fee recovery at the completion of the LTP audit”*. J Millward clarified that given the Council was the first local authority to be audited, there were learnings on both sides; however, it was likely that Audit New Zealand would seek cost recovery for the extended time required to complete the audit.

Moved: Deputy Mayor Atkinson

Seconded: Councillor Fulton

**THAT** the Audit and Risk Committee:

- (a) **Receives** report No. 240422063835.
- (b) **Receives** Audit New Zealand’s Management Report on the Consultation Document for the proposed ten-year Long Term Plan for the period 1 July 2024 to 30 June 2034 (TRIM 240422063850).
- (c) **Notes** there are no significant matters arising from the management letter. Audit New Zealand will audit the final 2024-34 Long Term Plan and any changes made as a result of submissions.
- (d) **Request** staff to liaise with Audit New Zealand on the possible adjustment of the statement on page eight of their management report, which indicates that *“the Council plans to go ahead with both projects even if the New Zealand Transport Agency (NZTA) funding cannot be secured.”*

**CARRIED**

Councillor Williams Against

Deputy Mayor Atkinson agreed that Audit New Zealand’s statement made it appear that the Council had already made the decision and it was important that the misleading statement was corrected to reflect that the Council had not decided before getting feedback from the community.

Councillor Williams stated that he could not support the motion as Audit New Zealand's management report was incorrect due to the erroneous statement on page eight and the failure to address the error in the proposed staff salary figures.

Mayor Gordon supported the motion to receive Audit New Zealand's management report on the audit of the Consultation Document with the amendment of the incorrect statement. The proposed staff salary figures were not in the Consultation Document, so this was not relevant at this time. He commended staff on the work they did collating and providing the information for the audit in such a tight timeframe, which resulted in only one recommendation from Audit New Zealand.

Councillor Redmond noted that good questions had been asked and full and complete responses were given, which indicated that the Audit and Risk Committee was fulfilling its role in questioning possible risks to the organisation and expenditure.

Deputy Mayor Atkinson noted that he had purposely used the word 'adjust' in the motion as it was not the Council's role to find the correct wording for the correction.

### 5.3 **Financial Report for the period ended 31 March 2024 – P Christensen (Finance Manager)**

P Christensen took the report, which presented the financial results for the period ended 31 March 2024, as read.

Deputy Mayor Atkinson noted that revenue of \$122.8 million had been received against a budget of \$122.8 million and queried if these figures had been rounded, resulting in the same amount being quoted. P Christensen agreed and noted that it was unusual that revenue came so close to the budget figure.

Councillor Williams noted the incorrect staff cost budget shown in the cash flow statement in the report's attachment and requested clarification. He enquired as to the correct figure, and P Christensen advised that the correct budget could be disclosed in a note to the cash flow statement. P Christensen apologised for the error and offered to circulate the cash flow statement with an explanatory note. J Millward undertook to circulate a detailed explanation of staffing numbers to elected members.

Councillor Redmond questioned the \$20 million borrowing raised, and G Bell explained that the funds were required to meet the Council's cash requirements. The Council's Cash Balance was below its normal target of around \$20 million (the Council paid out approximately \$15 million per month), and the borrowing replenished the cash and would set the Council up for the coming six months.

Councillor Ward noted that the prices tendered on Council projects seemed to have been lower during the last few months. P Christensen explained that the Council's engineers' quotes were based on index rates and inflation. However, due to the downturn in the development sector, contractor quotes seemed to have reduced to secure work.

In response to Councillor Fulton's query regarding higher interest rates, a brief discussion was held on the difference between hedging, fixed and floating rates. It was noted that the Council got good returns on hedges, which have fixed interest at a lower rate. J Millward also noted that the Council did not chase the markets; however, it took a prudent approach for long-term gains.

Moved: Councillor Ward

Seconded: Councillor Fulton

**THAT** the Audit and Risk Committee:

- (a) **Receives** report No. 240501068410.
- (b) **Notes** the surplus for the period ended 31 March 2024 is \$13.3 million. This is \$2.7 million (17%) under budget. The variations are explained in sections 4.2 and 4.3 of report No. 240501068410.

Councillor Ward supported the motion noting that the financial results were pleasing given the current financial pressures and world events.

Councillor Fulton also supported the motion, noting that minimising debt was difficult to predict. However, staff had done a good job maintaining a good financial position during the last quarter.

Mayor Gordon supported the motion and commended the exceptional effort from staff, given the many competing financial pressures during the quarter. Audit New Zealand held the Waimakariri District Council up as a benchmark, and it showed that the Council's process worked when mistakes were identified and corrected in a timely manner.

Councillor Williams stated he could not support the motion as he believed that the report included incorrect information and, therefore, should not be received.

Deputy Mayor Atkinson suggested that the decision on this report be delayed until the correct attachment could be tabled.

Subsequently, P Christenson tabled the relevant page (page 11) from the attachment, which showed a disclosure note on a variance to the cash flow budget.

#### Amendment

Moved: Councillor Ward

Seconded: Deputy Mayor Atkinson

**THAT** the Audit and Risk Committee:

- (a) **Receives** Report No. 240501068410, including the table on page 11 of the Attachment, which shows the variance to the budget in relation to staff salaries.
- (c) **Notes** the surplus for the period ended 31 March 2024 is \$13.3 million. This is \$2.7 million (17%) under budget. The variations are explained in sections 4.2 and 4.3 of report No. 240501068410.

**CARRIED**

The amendment then became the substantive motion.

Councillor Ward reiterated that this budget variance did not affect the overall budget.

Councillor Williams noted the figures were the same as previously shown and was told that was the correct figure for salaried staff as included in the Annual Plan 2023/24. The variance note explained the discrepancies in the staff cost budget.

5.4 **Non-Financial Performance Measures for the quarter ended 31 March 2024 – H Street (Corporate Planner)**

H Street took the report on the non-financial performance measures for the third quarter as read.

In response to Deputy Mayor Atkinson's question, H Street noted that the performance measures were set during the last Long Term Plan process and could only be changed after 1 July 2024, once the 2024-34 Long Term Plan had been adopted.

Moved: Councillor Williams

Seconded: Deputy Mayor Atkinson

**THAT** the Audit and Risk Committee:

- (a) **Receives** report No. 240501068355.
- (b) **Notes** 83 (75%) of performance measures for the third quarter of the 2023/24 financial year were achieved, and 26 were not achieved.
- (c) **Notes** eight of the 26 (23%) measures that did not meet the targets were within 5% of being achieved.
- (d) **Notes** two measures have not been reported this quarter.
- (e) **Notes** all measures were reviewed and incorporated into the 2021-2031 Long Term Plan.
- (f) **Notes** all measures have been reviewed for the Draft 2024-2034 Long Term Plan to be adopted for the 2024-2027 financial years.

**CARRIED**

Councillor Williams stated that this was a good report with clear information and Deputy Mayor Atkinson concurred.

5.5 **2023/24 Capital Works March Quarterly Report – G Cleary (General Manager Utilities and Roading) and C Brown (General Manager Community and Recreation) and D Young (Senior Engineering Advisor)**

G Cleary and C Brown took the report, which advised on the progress of delivering the 2023/24 Capital Works Programme, as read. G Cleary clarified that the table in paragraph 1.2 of the report summarised expenditures, while the table in paragraph 1.5 showed project status. Due to uncertainty in Government changes, projects worth \$850,000 were on hold, and these would be considered during the 2024-34 Long Term Plan process.

Councillor Williams noted the large carryovers and queried if there were sufficient contractors available to deliver these projects when required and in the required timeframes. G Cleary noted that the Waimakariri was in a fortunate position with several small—to medium-sized contractors with lower overheads who were able to contract at generally lower tender prices. Staff were confident that there would be no shortage of contractors available when the time came.

Councillor Redmond acknowledged the previous comment; however, enquired if it was possible to keep contractors informed on future work and the possible timeframes to assist with the contractors' tendering process.

Moved: Councillor Ward

Seconded: Mayor Gordon

**THAT** the Audit and Risk Committee:

- (a) **Receives** Report No. 240503070308.
- (b) **Notes** the actual and predicted achievement across all tracked Capital Expenditure.
- (c) **Notes** that of the \$89.88 million total capital spend, \$ 38.42 million (43%) has been completed, and \$ 60.6 million (67%) is predicted to be completed (subject to weather and other matters outside our control).
- (d) **Notes** that the previous December Quarterly Report had a predicted completion of 83.3%.
- (e) **Notes** that the decrease in predicted spend from 83.3% to 67.0% (which equates to approx. \$14M less spent than predicted in December) is across the board but is significantly affected by a number of land purchase projects (Town centre, Roding LOS and Roding growth, Pegasus, and Woodend community centre land purchase), and a number of developer-led contributions.
- (f) **Notes** that staff will be considering the effect on the Council's ability to deliver the 2024/25 programme due to the increased carry-overs, and this will be included in the staff submissions to the LTP.

**CARRIED**

Councillor Ward supported the motion and was pleased that the Council was able to assist in keeping local people employed.

Mayor Gordon commented that this refined reporting clearly showed the status of all Capital Works and acknowledged the work that had gone into producing the report and the reporting process.

Councillor Fulton commented that it was an advantage to assist the district in maintaining a stable workforce.

Councillor Williams noted that negotiations took time; however, contractors should be encouraged to adhere to timelines and complete projects in a timely manner.

## **6 PORTFOLIO UPDATES**

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

- The Council borrowed to meet cash flow requirements rather than for specific projects, and cash may be held on short-term deposit for a few months. Borrowing was then allocated to specific capital projects as the projects incur expenditure which effectively draws down on the available cash that had been borrowed.
- The Council budgeted to borrow \$30 million in the 2023/24 financial year; however, in practice, it had only borrowed \$20 million due to some of the capital projects not being completed.
- The Bank Bill Reference Rates (BKBM) was the standard benchmark market interest rate used to settle financial instruments. It was effectively the underlying cost of borrowing before the lender's margin was added and was currently around 5.3%.

- The lender's margin was the risk premium that was added to the underlying market rate (the BKBM). The plus 45 bps (plus 45 basis points) was the lender's margin for our borrowing on top of the BKBM. Forty-five or 65 basis points was 0.45% or 0.65% and was a very low margin. Margins could typically be 1% to 3%, or higher for riskier borrowing, so the Council does very well through the Local Government Finance Agency (LGFA).
- We are at the business end of the LTP with deliberations and final decisions to be made soon. The finance team will be working to update the financial model and rate calculations to reflect the financial impact of decisions. This will then be subject to final audit by Audit NZ in early June. This will be a busy time for team, working with Communications and the Admin Creative team to finalise the document for adoption.
- The Audit NZ team were on site week commencing 6 May to complete their interim audit. This focuses on the Council's systems and policies and includes tests to ensure that controls are operating as intended. One of the challenges this year is the need to bring forward the revaluation of three waters infrastructure assets because of the current high rate of price increases. The Audit Director, Yvonne Yang, will attend the June A&R to present the audit plan for the 2023/24 year.

## 6.2 Communications and Customer Services – Councillor Joan Ward

### Communications:

- Draft 2024-34 Long Term Plan (LTP):  
The Draft LTP was open for engagement from 15 March to 15 April 2024. Over 3,000 residents visited the engagement page, 713 spent minutes exploring the topics, and we received 336 submissions, making 1670 submission points. The LTP had been really well received, and the low(ish) submission numbers could be attributed to the low proposed rates increase and high satisfaction with the Council from residents.
- Other Engagements:
  - The Community Development Survey closed on 22 March 2024. Currently, 409 visitors were aware, 160 informed, and 69 engaged. Engaged visitors were those who had made a submission.
  - Beach Volleyball Court at Waikuku Beach opened on 3 May 2024. Letter drops would be done for the residents in surrounding streets and promoted to the wider community through email distribution lists and social media. This closed on 27 May 2024.
  - Pegasus Youth Space engagement opened on 5 April 2024. To date, there had been 212 page visits, 148 aware visitors and 40 submissions.
- Changes to monthly e-news (with examples):  
In late 2023 the Comms and Engagement Team (the team) reviewed its e-newsletter content. The review concluded there was not enough difference between the social content and website news feed to entice readers. Staff had done an analysis of other e-news formats that were more successful and decided to trial a monthly content theme and have content that would be exclusive to the e-news. With the format, the theme content, introduced staff profiles, focused on community partners doing interesting work, etc. Since this change in approach, all e-news have a 60+% open rate. The industry average was about 21%.
  - April e-newsletter. Reducing Waste and living sustainably  
<https://www.waimakariri.govt.nz/council/news-and-information/2024/04/waste-reduction,-eco-education-and-local-gems>
  - March e-newsletter. Embracing Autumn  
<https://www.waimakariri.govt.nz/council/news-and-information/2024/03/embrace-autumn-in-waimakariris-parks-and-reserves>



- February – e-newsletter. Road Safety Month.  
<https://www.waimakariri.govt.nz/council/news-and-information/2024/02/road-safety-month>
- January – e-newsletter. Celebrating Water.  
<https://www.waimakariri.govt.nz/council/news-and-information/2024/01/celebrating-wai-in-waimakariri>
- Launch of Jira portal:  
On 12 April 2024, the team launched the new portal for assigning work. This online tool streamlines how the team operated by prompting for information about the regular tasks and projects they undertook ahead of time. This would enable the team to be more efficient, share and collaborate faster, and record with more accuracy what teams and projects the team were looking after at that point in time.
- New Staff Member  
The team welcomed Maria Cullen, a Communications and Engagement Advisor. M Cullen had a wealth of experience in communications after working at Environment Canterbury and Careerforce. Her portfolios included Libraries, Internal Communications, Solid Waste, Civil Defence, Community Team, and ESU. She's been with us for about six weeks now and has hit the ground running.
- Northern Pegasus Bylaw Review  
The engagement programme for the Northern Pegasus Bay Bylaw Review took place from 20 December 2023 to 1 March 2024. It consisted of a Beach Users Survey and topic-specific engagement on the bylaw itself. The Council sought feedback online, promoted engagement at beach entrances, undertook on-beach interviews, and worked with a dedicated group of stakeholders to reach this point. Through these means, the Council received feedback from 428 residents.

#### **Customer Services**

- Completed recruitment of three casual staff and now working through the training programme with them.
- The fourth (final) rates instalment for this year was due next week.
- Staff had been working with the Environmental Services team to prepare for the new dog registration notices to be sent out. This was the first year following the issue of multi-year tags so administration time should be reduced.
- The Customer Services Team had been busy working towards implementing the Datacom service request module from 1 July 2024. The configuration was nearing completion, and staff training on service requests was expected to start around 22 May 2024.
- LIM application numbers continued to be strong with April application numbers the highest since 2018.

## **7 QUESTIONS**

Nil.

## **8 URGENT GENERAL BUSINESS**

Nil.

## 9 **MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED**

Moved: Councillor Ward

Seconded: Deputy Mayor Atkinson

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 was moved:

That the public be excluded from the following parts of the proceedings of this meeting:

Item 9.1 Goods and Services Tax and Fringe Benefit Tax Compliance Evaluation.

The general subject of the matter to be considered while the public was excluded, the reason for passing this resolution in relation to the 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 were as follows:

Meeting Item No. and subject	Reason for excluding the public	Grounds for excluding the public-
9.1 Goods and Services Tax and Fringe Benefit Tax Compliance Evaluation	Good reason to withhold exists under section 7	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities (s 7(2)(h)).

**CARRIED**

### ***Resolution to resume in Open Meeting***

Moved: Councillor Goldsworthy

Seconded: Deputy Mayor Atkinson

**THAT** open meeting be resumed and the business discussed with the public excluded remained public excluded.

**CARRIED**

*The public excluded portion of the meeting commenced at 10.34am and concluded at 11.05am.*

### **NEXT MEETING**

The next meeting of the Audit and Risk Committee would be held on Tuesday 11 June 2024 at 9am.

THERE BEING NO FURTHER BUSINESS, THE MEETING CONCLUDED AT 11.05AM.

**CONFIRMED**



---

Chairperson  
Councillor Goldworthy

11 June 2024

---

Date