

Waimakariri District Council

Audit and Risk Committee

Agenda

Tuesday 14 March 2023

9am

Council Chambers

215 High Street

Rangiora

Members:

Cr Neville Atkinson (Chairperson)

Cr Tim Fulton

Cr Jason Goldsworthy

Cr Joan Ward

Cr Paul Williams

Mayor Dan Gordon (ex officio)



WAIMAKARIRI
DISTRICT COUNCIL

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A MEETING OF THE AUDIT AND RISK COMMITTEE WILL BE HELD IN THE COUNCIL CHAMBER, 215 HIGH STREET, RANGIORA ON TUESDAY 14 MARCH 2023 AT 9.00AM.

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

BUSINESS

Page No

1 **APOLOGIES**

2 **CONFLICTS OF INTEREST**

Conflicts of interest (if any) to be reported for minuting.

3 **RECEIPT OF MINUTES**

3.1 **Minutes of a meeting of the Audit and Risk Committee held on Tuesday 14 February 2023**

7 - 12

RECOMMENDATION

THAT the Audit and Risk Committee:

- (a) **Receives** for information the circulated Minutes of a meeting of the Audit and Risk Committee, held on 14 February 2023.

3.2 **Matters Arising**

PUBLIC EXCLUDED MINUTES *(Refer to public excluded agenda)*

3.3 **Minutes of the public excluded portion of the Audit and Risk Committee Meeting Tuesday 14 February 2023**

4 **PRESENTATION/DEPUTATION**

Nil.

5 REPORTS

5.1 Enterprise North Canterbury's Six-month progress and financial Report to 31 December 2022, Six-month progress report on the Promotion of the Waimakariri District to 31 December 2022 and Draft Statement of Intent for the financial year beginning 1 July 2023 – Simon Hart (General Manager Strategy, Engagement and Economic Development)

13 - 36

Janine Rogers and Miles Dalton of Enterprise North Canterbury will be at the meeting to present to the Committee.

RECOMMENDATION

THAT the Audit and Risk Committee:

- (a) **Receives** report No 230220022811.
- (b) **Receives** the following reports for Enterprise North Canterbury, the:
 - i. Enterprise North Canterbury's Six-Month Report to 31 December 2022 (230220022817)
 - ii. Enterprise North Canterbury's Promotion of Waimakariri District six-month report to 31 December 2022 (230220022820)
 - iii. Enterprise North Canterbury's Draft Statement of Intent for the financial year beginning 1 July 2023 (230220022823)
- (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 2023.
- (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.

5.2 Six Month Financial Statements for the Period Ended 31 December 2022 - Te Kōhaka o Tūhaitara Trust – Jeff Millward (General Manager Finance and Business Support)

37 - 49

Councillor Al Blackie and Joseph Hullen of Te Kōhaka o Tūhaitara Trust will be at the meeting to present the Statement of Intent and the Six Month Financial Statements.

RECOMMENDATION

THAT the Audit and Risk Committee:

- (a) **Receives** report No. 230220022968.
- (b) **Receives** the Six Month Report for the Te Kōhaka o Tūhaitara Trust for the period ended 31 December 2022;
- (c) **Notes** the operations for the six months to 31 December 2022 are progressing as planned as presented in the Statement of Intent.

5.3 Te Kōhaka ò Tuhaitara Trust - Statement of Intent for the Year ending 30 June 2024 – Jeff Millward (General Manager Finance and Business Support)

50 - 60

RECOMMENDATION

THAT the Audit and Risk Committee:

- (a) **Receives** report N° 230223024574.
- (b) **Receives** the Statement of Intent for Te Kōhaka ò Tuhaitara Trust for the year ending 30 June 2024 (TRIM 230118005907)
- (c) **Notes** that under the Local Government Act 2002, the Audit and Risk Committee may request Te Kōhaka ò Tuhaitara Trust to make changes to the Statement of Intent. Te Kōhaka ò Tuhaitara Trust would consider these changes requested and re-present the Statement of Intent prior to the 30 June.
- (d) **Recommends** retaining item 14 and 16 from the 2022/23 Statement of Intent for Te Kōhaka ò Tuhaitara Trust.

5.4 Audit New Zealand Management Report for the year ended 30 June 2022 – Jeff Millward (General Manager Finance & Business Support)

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RECOMMENDATION

THAT the Audit and Risk Committee:

- (a) **Receives** report No. 230220022248.
- (b) **Receives** Audit New Zealand's Management Report for the year ending 30 June 2022 (TRIM 230220022231);
- (c) **Notes** there are no significant matters arising from the management letter. Audit New Zealand have made a number of recommendations where systems could be improved and these improvements have been made or are programmed to be completed.

5.5 Reporting on LGOIMA Requests for the period 1 November 2022 to 28 February 2023 – Thea Kunkel (Governance Team Leader)

109 - 116

RECOMMENDATION

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 230301027998 for information.
- (b) **Notes** that the Council responded to 36 official requests of information from 1 November 2022 to 28 February 2023, which was six more, than the 30 official requests responded to in the same period in 2021/22.

6 PORTFOLIO UPDATES

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

6.2 Communications and Customer Services – Councillor Joan Ward

7 QUESTIONS

8 URGENT GENERAL BUSINESS

9 MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

Section 48, Local Government Official Information and Meetings Act 1987.

RECOMMENDATION

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:

Item No	Minutes/Report of	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
9.1	Minutes of public excluded portion of Audit and Risk Committee meeting of 14 February 2023.	Confirmation of minutes	Good reason to withhold exists under Section 7	Section 48(1)(a)

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

Item N°	Reason for protection of interests	LGOIMA Part 1, Section 7
9.1	Protection of privacy of natural persons; To carry out commercial activities without prejudice; Maintain legal professional privilege;	Section 7 2(a) Section 7 2(b)ii Section 7 (g)

CLOSED MEETING

See Public Excluded Agenda.

OPEN MEETING

NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on Tuesday 16 May 2023 at 9am.

WAIMAKARIRI DISTRICT COUNCIL

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE COUNCIL CHAMBERS, CIVIC BUILDINGS, HIGH STREET, RANGIORA ON TUESDAY, 14 FEBRUARY 2023, AT 9AM.

PRESENT

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

IN ATTENDANCE

Councillors P Redmond (via Teams) and B Cairns.

J Millward (Acting Chief Executive), G Cleary (General Manager Utilities and Roading), C Brown (General Manager Community and Recreation), H Street (Corporate Planner) and K Rabe (Governance Adviser).

1 APOLOGIES

Moved: Councillor Atkinson

Seconded: Councillor Goldsworthy

An apology was received and sustained from Mayor Gordon.

CARRIED

2 CONFLICTS OF INTEREST

No conflicts of interest were declared.

3 RECEIPT OF MINUTES

3.1 Minutes of a meeting of the Audit and Risk Committee held on Tuesday 22 November 2022

Moved: Councillor Ward

Seconded: Councillor Goldsworthy

THAT the Audit and Risk Committee:

- (a) **Receives** for information the circulated Minutes of a meeting of the Audit and Risk Committee, held on 22 November 2022.

CARRIED

3.2 Matters Arising

Councillor Redmond queried if the Official Information Requests had been uploaded to the Council's website as requested at the last meeting. J Millward agreed to check on the progress with the request and to report back to the Committee.

4 PRESENTATION/DEPUTATION

Nil.

5 REPORTS

5.1 2022/23 Capital Works December Quarterly Report – G Cleary (General Manager Utilities and Roading), C Brown (General Manager Community and Recreation) and D Young (Senior Engineering Advisor)

G Cleary spoke to the report, noting that in large the Council was on track to deliver the Capital Works Programme for the 2022/23 financial year, and where projects were not delivered it would be mostly be due to development timing. All the Shovel Ready Projects were also on track and he was confident that deadlines would be met.

Councillor Fulton enquired what damage the willow walls in Lees Valley had sustained. G Cleary did not have that information at hand, however, agreed to forward the information to the Committee after the meeting.

Moved: Councillor Atkinson

Seconded: Councillor Fulton

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 230202013800.
- (b) **Notes** the actual and predicted achievement across all tracked capital expenditure.
- (c) **Notes** that of the \$74.80 million total capital spent, \$36.76 million (49%) was completed and \$69.38 million (93%) was predicted to be completed.
- (d) **Notes** that progress towards achieving the 2022/23 Capital Works Programme was well advanced across most areas. However, there were a number of projects either delayed or at risk, as reported elsewhere in the report.

CARRIED

Councillor Atkinson thanked staff for the informative report which gave a clear indication of where the Council was in relation to achieving its Capital Works Programme.

5.2 Financial Report for the period ended 31 December 2022– P Christensen (Finance Manager)

M Millward spoke to this report, advising that operating costs were over budget, and the two main factors contributing to this were costs from the July 2022 flooding event and depreciation being over budget as a result of increases in revaluations at 30 June 2022.

Councillor Fulton questioned the possibility of annually budgeting for mitigating the costs from flooding, J Millward stated that to date the Council had not budgeted for unseen natural disasters and post funded, however, agreed that this may need to be reviewed during the strategic planning to be held in the near future.

Councillor Williams drew the Committee's attention to paragraph 4.3, bullet point four which gave the figure of \$0.7 million for recreation, however there was no breakdown as shown for the other bullet points. J Millward agreed to look into this and report back to Councillor Williams with the figures after the meeting.

Moved: Councillor Fulton

Seconded: Councillor Goldsworthy

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 230131012193.
- (b) **Notes** the surplus for the period ended 30 December 2022 was \$4.5 million. This was \$7.9 million under budget and reflected both lower operating revenue and operating expenditure over budget from the July 2022 flooding event and depreciation.

CARRIED

5.3 **Non-Financial Performance Measures for the year ended 31 December 2022 – H Street (Corporate Planner)**

H Street took the report as read.

Councillor Atkinson confirmed that the method of measuring non-financial performance would be reviewed for the next Long Term Plan (LTP). As background, he explained that other councils used a scale method which tends to be more flexible than a flat figure. A scale tends to measure the level of performance achieved, i.e. 98% to 100% could still be considered attainment. However, with a set figure you could have achieved 99.8% of the key performance indicator and would still measure as unachieved, which impacted when audited on performance achievements.

Councillor Williams raised a concern raised by members of the public about the lack of communication from the Council's Human Resources Unit when applying for a position. J Millward explained that some delays may be caused by the requirement for credit and or police checks on applicants, however, he undertook to follow up to ensure that applicants were kept informed on the status of their applications.

Moved: Councillor Ward

Seconded: Councillor Goldsworthy

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 230201013036.
- (b) **Notes** that 64% of the Non-financial Performance Measures for the second quarter of the 2022/23 financial year were achieved, and 34% were not achieved.
- (c) **Notes** that 18 of the 38 Non-financial Performance Measures which did not meet the targets were within 5% of being achieved.
- (d) **Notes** two Non-financial Performance Measures were not due for completion until later in the financial year.
- (e) **Notes** all measures had been reviewed and incorporated in the 2021-2031 Long Term Plan.
- (f) **Notes** the enhancements made to the Opal3 report in this quarter.

CARRIED

6 PORTFOLIO UPDATES

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

- Commended J Millward and staff for the great effort on the Annual Plan presentation and the initial draft budgets which show a 5.97% average rate increase for the 2023/24 financial year. The budgets were exemplary in the presentation and the fact that the Council was able to sign off on this work in one day was a testament to the organisation of staff.
- The LTP Planning Group had two meetings to work on the schedule and workplan for the 2024-2034 LTP, and a strategy day was planned for 17 February 2023 to form a number of high-level priorities to be considered for the LTP.
- Uncertainty of Three Waters reform and other Government reviews would result in the budgets being included in the LTP but with the option that if Three Waters proceeded in its current form these activities would be able to be removed with an alternative structure and a ten year budget plan.
- She commended the Council on obtaining, for the third time, a Double AA rating with Standard and Poors.
- LTP audit and timetable was at risk due to a number of uncertainties one of them being the continued backlog of work and lack of resources in the Auditor-General's Office.

6.2 Communications and Customer Services – Councillor Joan Ward

- The Association of Local Government Information Management (ALGIM) national benchmarking survey on Council Customer Service for 2022 saw the Waimakariri District Council achieve an “excellent customer service experience” rating and a ranking of fourth out of 80 with a score of 89.7%.
- She noted the recruiting for a new frontline staff member due to an internal move by current staff.
- Land Information Memorandum (LIM) numbers were down for January 2023 with only 105 issued which is the lowest since 2011. It was confirmed by other property professionals that conveyancing had been slow. Therefore, one of the team were currently assisting the Utilities and Roading Unit with administration.
- Rates recovery had reached the formal mortgage demand stage and 127 demands were made on mortgages, however, this was significantly reduced from the number of advisory notices that were delivered to the banks three months ago.
- As of 13 February 2023 the Council had granted 2,539 rates rebates for the 2022/23 financial year. This compared with 2,526 for the whole of the previous financial year. The Council would be advertising during March 2023 to educate those people who may not realise they qualified for a rates rebate.
- Engagement topics from this period includes:
 - Location for Pegasus facilities
 - Further submissions for the Ohoka Plan Change
 - Greater Christchurch Urban Growth Work Programme
 - Urban forest
 - Local Government Official Information and Meetings Act (LGOIMA) Amendment Bill
 - Three Waters second bill select Committee process
 - Pegasus Bay Bylaw review.

7 QUESTIONS

Nil.

8 URGENT GENERAL BUSINESS

Nil.

9 MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

Section 48, Local Government Official Information and Meetings Act 1987.

Moved: Councillor Atkinson

Seconded: Councillor Goldsworthy

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

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, was as follows:

Item No	Minutes/Report of	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
2.1	Safety items from monthly Airfield Advisory Group Meeting	Correspondence	Good reason to withhold exists under Section 7	Section 48(1)(a)

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

Item N°	Reason for protection of interests	LGOIMA Part 1, Section 7
2.1	Protection of privacy of natural persons; Expression of free and frank opinions.	Section 7 2(a) Section 7 2(f)i

CARRIED

CLOSED MEETING

The public excluded portion of the meeting commenced at 9.27am and concluded at 9.50am.

9.1 Safety Items from monthly Airfield Advisory Group meeting

Moved: Councillor Atkinson

Seconded: Councillor Goldsworthy

THAT the open meeting resumes and that the resolutions made within the public excluded be remains public excluded until determinations by the Civil Aviation Authority have been made.

CARRIED

NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on Tuesday 14 March 2023 at 9am.

THERE BEING NO FURTHER BUSINESS THE MEETING CONCLUDED AT 9.56am.

CONFIRMED

Chairperson

Date

Unconfirmed

WAIMAKARIRI DISTRICT COUNCIL**REPORT FOR DECISION**

FILE NO and TRIM NO: EXC-17 / 230220022811


REPORT TO: AUDIT & RISK COMMITTEE

DATE OF MEETING: 14 March 2023

AUTHOR(S): Simon Hart, General Manager Strategy, Engagement and Economic Development

SUBJECT: Enterprise North Canterbury's Six-month progress and financial Report to 31 December 2022, Six-month progress report on the Promotion of the Waimakariri District to 31 December 2022 and Draft Statement of Intent for the financial year beginning 1 July 2023

ENDORSED BY:
(for Reports to Council,
Committees or Boards)


General Manager


Chief Executive

1. SUMMARY

- 1.1. The purpose of this report is to present Enterprise North Canterbury's:
- 1.1.1. Six-month progress and financial report to Council for the financial period ending 31 December 2022.
 - 1.1.2. Six-month progress report on the Promotion of the Waimakariri District to 31 December 2022.
 - 1.1.3. Draft Statement of Intent (SOI) for the financial year beginning 1 July 2023.
- 1.1. ENC is required to present a draft SOI for comment from its Shareholders (Council & Hurunui District Council) prior to 1 March and deliver the completed SOI to the Shareholders on or before 30 June each year. The draft SOI was approved by the ENC Board on 15 February 2023.
- 1.2. ENC is also required to present a six-month report on the promotion of the Waimakariri District and financial report. The reports provide a good overview of the progress to date of meeting the objectives.
- 1.3. As shown within the financial report, ENC's revenue and expenditure for the period ending 31 December 2022 shows an operating surplus of \$81,584 against a budgeted surplus of \$61,908. This is a better than budget result of \$19,908, signalling that ENC remains in a sound financial position.
- 1.4. Janine Rogers and Miles Dalton will attend the Audit and Risk Committee at 9.00 am on 14 March, along with James Flanagan, to answer any questions of the Committee that arise from these reports.

Attachments:

- i. Enterprise North Canterbury's Six-month progress and financial report to Council for the financial period ending 31 December 2022. (230220022817)
- ii. Enterprise North Canterbury Six-month progress report on the Promotion of the Waimakariri District to 31 December 2022 (230220022820)

- iii. Enterprise North Canterbury's Draft Statement of Intent (SOI) for the financial year beginning 1 July 2023 (230220022823)

2. **RECOMMENDATION**

THAT the Audit and Risk Committee:

- (a) **Receives** report No 230220022811.
- (b) **Receives** the following reports for Enterprise North Canterbury, the:
 - iv. Enterprise North Canterbury's Six-Month Report to 31 December 2022 (230220022817)
 - v. Enterprise North Canterbury's Promotion of Waimakariri District six-month report to 31 December 2022 (230220022820)
 - vi. Enterprise North Canterbury's Draft Statement of Intent for the financial year beginning 1 July 2023 (230220022823)
- (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 2023.
- (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.

3. **BACKGROUND**

- 3.1. Enterprise North Canterbury (ENC) is a Council Controlled Organisation (CCO), where the Trustees are appointed by the Waimakariri and Hurunui District Councils.
- 3.2. The Trust was registered in August 2002 to provide promotional and economic development services on behalf of the Waimakariri and Hurunui District Councils and promote the region as a visitor destination.
- 3.3. The Trust is a not-for-profit organisation. It is not able to register as a charitable trust, as some of its activities have been determined by Inland Revenue to be trading for profit and therefore is required to pay income tax on the profit made on these activities. A significant amount of funding comes from grants and sponsorship to fund the activities undertaken.
- 3.4. As an economic development agency, ENC seeks to improve the region's investment and business-enabling environment so enhancing the region's competitiveness, retaining and increasing jobs, improving incomes, enhancing economic well-being thus improving the quality of life of residents.

4. **ISSUES AND OPTIONS**

- 4.1. **Six-month progress and financial report to Council for the period ended 31 December 2022**

Operating revenue and expenditure for the last six months has been favourable overall with a small increase in the operating surplus of \$19,677 as described above.

During the last six-months ENC have been able to secure funding from both the government and the private sector to support their strategic projects with a total sum of \$578,000 being secured.

Results from ENC's Business Opinion Survey, undertaken in October 2022, showed that North Canterbury is now being solidly impacted by the issues that are affecting New Zealand and the world. Confidence in the national business situation is net -12%, which compares well for net -42% for New Zealand but is still not a great position to be in.

The survey also showed organisations are facing increased costs, lower profits, more difficulty finding staff, and as a result there is a slowing of investment in plant and property.

4.2. **Draft Statement of Intent (SOI)**

Under the Local Government Act, Enterprise North Canterbury are required to present their draft Statement of Intent for consideration by Council. The purpose of the SOI is to:

- (a) state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for Council, being a shareholder, to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

This draft SOI sets out the overall intentions and objectives for the period of 1 July 2023 to 30 June 2026. It was approved by the ENC Board on 15 February 2023.

4.3. **Promotion of Waimakariri District – Six-Month Report to 31 December 2022**

Business Promotion: There has been a notable slowdown in new large development project opportunities over the last six months. This can be largely attributed to the changing economy and the expectation that 2023 will be a difficult year due to supply chain issues, increasing construction costs, staff shortages, immigration restrictions, high inflation, an increasing OCR along with increasing caution of potential tenants etc. Investors and developers appear more inclined to wait until there is more stability.

To mitigate this seemingly long slow recovery of the economy, ENC and Council are working together to develop a new 10-year Waimakariri Economic Development Strategy and a new Talent Attraction programme which seeks to focus ENC's activities and to support local businesses.

ENC have continued to make significant progress on a number of the objectives set out in the business plan with key highlights from the last six months including:

- Assisting the successful establishment of 11 businesses in the district
- Assisting 34 potential or actual 'start-ups' (face to face)
- Provision of data and demographics to developers to help them promote their offerings
- Winning of a national award for 'Best Practice in Inclusive Development and Wellbeing' from EDNZ for work in supporting start-up businesses
- Commencing the creation of a brand, campaign and online tools (website and shareable PDF) to assist employers and recruitment agencies in luring top talent to North Canterbury
- Involvement in over 20 hospitality venues in Waimakariri in the inaugural North Course event for the month of October (funded by the Regional Event Fund).
- Delivery of the new brand and campaigns – *'Waimakariri - Why Not Make a Day of It?'*
- Regular social media posts alongside a solid digital strategy
- Increased events listings on the events calendar

- Awarding of \$13,257 to eight events from the WDC Event Funding which ENC administers
- Awarding of \$10,000 to an event from the MBIE Regional Event Fund – The North Course which ran in October 2022
- Partnering with ChristchurchNZ in the development of a combined Destination Management Plan for Christchurch, Waimakariri, Selwyn and Ashburton.

4.4. The Management Team has reviewed these reports and supports the recommendations.

Implications for Community Wellbeing

There are no implications on community wellbeing by the issues and options that are the subject matter of this report

4.5. The Management Team has reviewed this report and support the recommendations.

5. COMMUNITY VIEWS

5.1. Mana whenua

Te Ngāi Tūāhuriri hapū are not likely to be affected by or have an interest in the subject matter of this report.

5.2. Groups and Organisations

There are groups and organisations likely to be affected by, or to have an interest in the subject matter of this report. Ongoing dialogue that ENC has with the local business sector and visitor industry assisted with the preparation of the Statement of Intent and the District Promotions Business Plan that has been reported on.

5.3. Wider Community

5.4. The wider community is not likely to be affected by, or to have an interest in the subject matter of this report. Each year ENC's Annual Report is audited by Audit New Zealand.

5.5. Early signals out of the 2022 Customer Satisfaction Survey have shown that around 85% of respondents believed it was important for the Council to be involved in attracting business to the district. Around 79% of respondents also believed it was important for Council to be involved promoting the district to visitors.

6. OTHER IMPLICATIONS AND RISK MANAGEMENT

6.1. Financial Implications

There are no financial implications of the decisions sought by this report. Under section 65 of the Local Government Act, the Council must regularly undertake performance monitoring of Council organisations to evaluate their contributions to the:

- Council's objectives for the organisation.
- desired results set out in the organisation's statement of intent; and
- overall aims and outcomes of the local authority.

Delegation S-DM 1022 provides that the Audit & Risk Committee has the jurisdiction to "Monitor performance of the Council-Controlled organisations on a six-monthly basis".

6.2. Sustainability and Climate Change Impacts

The recommendations in this report do not have sustainability and/or climate change impacts.

6.3 Risk Management

There are no risks arising from the adoption/implementation of the recommendations in this report. The ENC Board meets regularly to oversee implementation of agreed plans

and programmes in accordance with the accountability requirements of ENC being a CCO. ENC formally reports to the Council at six monthly intervals and meets regularly with WDC staff to monitor progress and address any issues that arise.

Health and Safety

There are no health and safety risks arising from the adoption/implementation of the recommendations in this report. ENC operates at arm's length from the WDC and manages its own health and safety programme.

7. CONTEXT

7.1. Consistency with Policy

This matter is not a matter of significance in terms of the Council's Significance and Engagement Policy.

7.2. Authorising Legislation

Local Government Act S.10 Purpose of Local Government and Part 5 Council- controlled organisations and council organisations.

7.3. Consistency with Community Outcomes

The Council's community outcomes are relevant to the actions arising from recommendations in this report.

Businesses in the District are diverse, adaptable and growing

- There are growing numbers of businesses and employment opportunities in our District.
- There are sufficient and appropriate places where businesses are able to set up in our District.

The distinctive character of our takiwā - towns, villages and rural areas is maintained

- The centres of our towns are safe, convenient and attractive places to visit and do business.
- Our rural areas retain their amenity and character.

7.4. Authorising Delegations

Delegation S-DM 1022 provides for delegated authority to the Audit and Risk Committee to monitor the performance of Council Controlled organisations and to review and provide comments on draft Statements of Intent.



2022/23 Business Plan

‘To inspire, attract and retain individuals, businesses and social enterprises to invest in our region’

ENC Six Month Report to 31 December 2022 to Waimakariri & Hurunui District Councils

1.0 Introduction

This report has been prepared to meet the reporting requirements of the Statement of Intent for the 2022/23 year and follows the format of the Annual Business Plan.

The vision of ENC is:

“To inspire, attract and retain individuals, businesses and social enterprise to invest in our region”

As an economic development agency, ENC seeks to **improve the region’s investment** and **business-enabling environment** so enhancing the region’s competitiveness, retaining and increasing jobs, improving incomes, enhancing economic well-being, and thus improving the quality of life of residents.

2.0 Key Highlights this period

ENC receives an economic development grant of \$220k from Waimakariri District Council (WDC) and \$51k from Hurunui District Council (a total of \$270k). ENC continues to leverage other funding from government and the private sector to support their strategic projects. During this period we secured:

Government:

- \$20,000 from Hurunui Tourism (for two projects Talent Attraction and North Course Event)
- \$10,000 from MBIE – Regional Event fund – to support the North Course Event
- \$60,000 from MBIE – to run three FREE digital courses to 58 businesses
- \$55k from MBIE as a subcontractor for the Regional Business Partner for North Canterbury
- \$296k from DIA to upgrade Waimakariri cycle tracks

Private Sector:

- \$5,000 from North Canterbury Wine Growers to support the North Course
- \$58,000 secured from sponsors to run the 2023 North Canterbury Business Awards
- \$10,000 membership of MADE NORTH CANTERBURY
- \$64,000 from local business sponsors in support of ENC’s work

ENC also has a separate contract with WDC and receives a further \$461k to promote the District for new businesses to set up and to attract visitors, promote and fund events and run the Kaiapoi Information Centre.

- Business Support programmes delivered this period include:
 - Delivered 46 capability assessments (95% of the RBP target of 48)
 - Distributed \$56,316 which is 70% of the allocated \$80,000 capability vouchers to 32 businesses
 - Met with 34 people looking to start up their own business
 - Ran a series of three free digital marketing courses for 58 businesses.
- North Canterbury Business Awards:
 - Full sponsorship achieved
 - Rebranding and website completed
 - Nine judges confirmed and application form revamped
 - Gala Awards Ceremony to be held at MainPower Stadium on 6 October 2023
 - Inclusion of Kaikoura businesses for the first time
- North Canterbury Talent Attraction Project
 - Initial funding for this project secured

- Commenced creating a brand, campaign and online tools (website and shareable PDF) to assist employers and recruitment agencies in luring top talent to North Canterbury
- MADE NORTH CANTERBURY
 - In October 2022 the inaugural North Course event was held to help promote local hospitality venues and connect them with local suppliers/producers. 33 hospitality businesses were involved.

Other key achievements this period:

- Won a national award for 'Best Practice in Inclusive Development and Wellbeing' for the work we have done helping small startups to succeed at the Economic Development New Zealand Conference
- Held a celebratory evening to recognise 20 years since inception.
- Worked with WDC in the development of a new Waimakariri Economic Development Strategy
- Held the first biannual networking event to welcome new businesses to the region. We had 18 come to the first event.

3.0 Strategic Objectives

OBJECTIVE ONE: SUPPORTING EXISTING BUSINESSES TO GROW AND PROSPER

Objective 1.1 Support existing businesses to survive and thrive

In the first six months of this year ENC have:

- Undertaken 46 full capability assessments (95% of target)
- Issued NZTE voucher funding totalling \$56,316 to 32 businesses to assist with professional training or coaching (70% of target)
- Referred 18 businesses to Business Mentors NZ (81% of target)
- Business Supported:
 - 14 newly started businesses assisted
 - 22 growing businesses assisted
 - 16 mature businesses assisted
 - 6 declining businesses assisted
 - 20 people assisted in developing or scoping a potential business
 - 34 signups to our free online business start-up course
- Businesses Trained
 - ENC accessed new funding through MBIE to promote and deliver Digital Boost Foundation workshops. ENC scoped interest amongst our businesses and 110 applied to be part of the newly developed programme for ENC. This allowed us to apply to MBIE to run 6 courses at \$20k per course, a total 24 hours of training for each business per course and fully funded. We approached Attraction Studios to create the programme and deliver this for us. We negotiated a 50/50 deal.
 - We ran a Supervising and Managing Others Course with 13 businesses attending in September
- ENC ran one networking function at Lacebark Function Centre on the 21 July 2022 with a total of 102 attendees. This event was fully sponsored by Waimakariri District Council.
- ENC hosted our first 'new business networking function' on 17 August at the ENC Business Centre with 18 attendees from 16 businesses that have recently launched.
- Facebook Page likes have increased by 191 during this period (to 3,131 from 2,176) and up by 43% compared to last year.
- 6 Newsletters sent this period

New – Attract Talent to the Region

ENC has been tasked with creating a brand, marketing campaign and online tools (website and shareable pdf) to assist employers and recruitment agencies in luring top talent to North Canterbury with the objectives to

- Stimulate demand for jobs (skilled and semi-skilled) and attract people to work in our region's key industries.
- Elevate the brand North Canterbury and position it as an appealing place to live
- Leverage the job opportunities and industries in North Canterbury to promote the broader North Canterbury appeal
 - This includes businesses relocating to the region and business start-ups and leveraging MADE NORTH CANTERBURY (a value-add for food and beverage businesses)
- Strengthen collaboration between Enterprise North Canterbury and our business community

This period we:

- Received funding from Hurunui Council \$5k, Hanmer Springs Thermal Pools and Spa (\$5k), ENC and the District Promotion Contract (\$10k each).
- Engaged a creative company to develop a brand for future campaigns to attract workers to the region
- Commenced a new website that will showcase the region and its jobs and industries and lifestyle.
- Compiled a list of talent we would like to showcase in our case studies. They are a diverse representation of aspirational people working, living and recreating in our region.

Objective 1.2 Celebrate and recognise business leaders in the region

We secured two new sponsors for the 2023 Business Award - Totalspan North Canterbury and CoolSpaces, replacing Spark and Lime Real Estate. A total of 10 categories and their sponsors confirmed is listed here:

- BDO - Professional Services Award
- MADE North Canterbury - Food and Beverage Award
- PAK'nSAVE - Community Enterprise Award
- Coolspaces - Sustainability Award
- Misco Joinery - Technology Award
- Percival Street Bakery - Customer Services Award
- Hanmer Springs Thermal Pools and Spa - Tourism Award
- Totalspan North Canterbury - Trades and Services Award
- Hellers - Emerging Business Award
- North Canterbury News - People's Choice Award

The date for the Gala Dinner & Awards Ceremony is set for Friday 6th October 2023 at the MainPower Stadium.

Kaikoura businesses will be eligible for the first time ever to enter the NC Business Awards. Kaikoura District Council has agreed to support these awards and encourage businesses to enter.

Objective 1.3 To Assist Hurunui Council to establish economic projects in the district improving the wellbeing and viability of Hurunui communities

No substantive project this period however assisting HDC with the development of the Hurunui Hub as required.

Objective 1.4 Manage the ENC Business Centre

- ENC remains grateful for the generous support of MainPower, our Corporate Sponsor (\$30,000); BDO, Spark Business Canterbury (\$10,500) and The Mark (inkind) our three Silver Sponsors; and 8 Bronze Sponsors being, Hellers, PLC Group, Hazeldine Construction; Brannigans, Ray White Morris & Co, Misco Joinery, Ravenswood, The Learning Staircase and (\$24,000) a total sponsorship of \$64,500.
- We have a new Bronze Sponsor – Blackwells Department Store who signed up in November.

- We held two business centre sponsor networking functions with board and staff (July and November 2022) at the business centre.

	Full Year Budget	Actual YTD	% Budget Delivered YTD
Room Hire (external bookings)	\$7,500	\$5,843	78%
Room Hire (ENC training)	\$8,000	\$4,290	53%

OBJECTIVE TWO: ATTRACT AND INSPIRE BUSINESSES, MANA WHENUA (TE RŪNANGA O NGĀI TAHU AND NGĀTI KURI) AND GOVERNMENT TO INVEST IN OUR REGION

ENC continues to play a role in attracting businesses and government investment in North Canterbury.

Objective 2.1 Develop a North Canterbury Cycle Trail

Julia Hunt (who was contracted by ChristchurchNZ with STAPP funding) presented her report and findings to Mel Wong, Kath Low of CHCNZ. There was no discussion or commitment from CHCNZ as to whether they wish to continue to work with North Canterbury tourism organisations toward a multiday cycle trail that starts in CHC and finishes in Waipara.

However, Hurunui Tourism will contract Julia to continue the momentum of progressing the Pegasus Bay Cycle Trail and to investigate a new off-road route from Rangiora to Amberley as using the SHW1 bridge at Waikuku is too dangerous for cyclists to cross. Hurunui could potentially apply to the new Innovation Tourism Recovery Fund to build the Hurunui section of the PBCT as it may be part of their Destination Management Plan just completed and funded by MBIE.

ENC staff have met with ECan and Greg from TKoT to ascertain the best spend on their tracks, taking their direction and using their contractors (within the funds received). We will hold the funds (\$296k) and work in with their timetables for any future structural upgrades that add value to their current tracks.

Objective 2.2 Deliver the MADE NORTH CANTERBURY food and beverage project to achieve greater collaboration

- Sidekick Rangiora is no longer a sponsor of MADE NC. We still have 3 contra sponsors.
- We have 48 paying members (\$9,600)
- In October 2022 we hosted our The North Course event to help promote our hospitality venues and connect them with local suppliers/producers. 33 hospitality businesses submitted a dish and took part in the inaugural North Course. 206 members of the public rated a dish. 1300 unique visitors to the website and over 4k visits through the month of October.
- We organised four grocery promotions in conjunction with The North Course. These promotions were hosted at Pak n Save Rangiora, New World Rangiora, Culverden Four Square (new) and Oxford FreshChoice (new).
- To promote the local members products, we again assisted Canterbury Nuts (one of our members) to prepare and sell MADE NORTH CANTERBURY Goodies Box.
- In the past six months the website directory and businesses listed therein have had 5,715 pageviews. This is a 14.51% increase on last year.
- Our Facebook followers have increased 12.16% in the 12 months, now sitting at 4,039. Our Instagram followers have increased 52% in the past 6 months, now sitting at 1,461.
- MADE NORTH CANTERBURY appeared in the news media twice in the past six months – both articles about The North Course.

- We helped to market several member events including the Pegasus Bay Vine Run, Amberley Farmers' Market, Fire & Feast, The North Canterbury Wine Collective. We also presented members with the exclusive opportunity to engage in a local Country Calendar filming, which included the chance to use Garry River Farm's locally grown cherries in their recipes/products.

Objective 2.3 Collaborate with Te Ngāi Tūāhuriri Rūnanga and Ngāti Kuri

As new projects at ENC come on stream we often speak with the appropriate party eg The Talent Attraction project – we reached out to Will at Ngai Tahu Farming we also connected a fast-growing export manufacturer who has just established in Waimakariri to Ngai Tahu farming.

OBJECTIVE THREE: PROMOTE THE WAIMAKARIRI DISTRICT

A full report for the six month period, on this contract, is provided separately to the Waimakariri District Council.

5.0 Management Reporting over this period:

5.1 Undertake analysis of regional employment opportunities and trends

The October 2022 ENC Business Opinion Survey was sent out to 205 businesses, of which 67 responded, a 33% return rate.

The survey showed that North Canterbury is now being solidly impacted by the issues that are affecting New Zealand and the world. Confidence in the national business situation is net -12%, which compares well for net -42% for New Zealand but is still not a great position to be in. This is also a survey where we have seen increased costs, lower profits and more difficulty finding staff as well as slowing investment in plant and property

5.2 ENC Staffing

- Zoe Williams commenced as District Digital Marketing Manager in July 2022. Zoe replaced Khloe.
- Becs Reid commenced on November 2022 as part time i-SITE assistant and will work 4 hours every Saturday during the visitor months (Oct to April).

5.3 ENC wins a National Award

Our work in the small startup space was recognised at a national level and we were awarded the Inclusive Development and Wellbeing Outcomes Award at the Economic Development New Zealand Awards in October. A video created for the presentation of the award [is here](#).

6. Financial Performance

The Profit and Loss Account contained in **Appendix 1** shows performance for the first 6 months of the year.

7. Sponsorship

ENC is grateful to existing sponsors: Business Centre and Economic Development sponsors MainPower, BDO, Spark, The Mark, PLC Group, Hellers, Ray White Rangiora, Misco Joinery, Hazeldine Construction, Ravenswood, Learning Staircase and Brannigans. We welcomed a new Bronze Sponsor this period - Blackwells Department Store; MADE NORTH CANTERBURY- Sidekick Accounting Rangiora and Street Maps – Kaiapoi – Harcourts Twiss Kerr and Rangiora – Devlin Real Estate

8. Governance

- The annual Board Register of Interest was updated in July 2022
- New policies were approved this period:
 - ENC Pandemic/Epidemic and Vaccination Policy
 - ENC Reserves and Investment Policy
 - ENC Sponsor and Partnership Guidelines
 - Flexible Working Policy
 - Fraud, Bribery and Corruption Policy
- Clare Giffard was re-elected Chair of ENC in September 2022
- ENC Trustees review the ENC Risk Register at each board meeting now
- AuditNZ advised they would not be in a position to audit ENC's annual accounts until first quarter 2023 due to shortage of staff.
- ENC's lease at 143 Williams Street, Kaiapoi was renewed for a further three years commencing 15 December 2021 to 2024.

9. Summary

In the next 6 months we will:

- Run the final three free Digital courses for 62 people from 59 local businesses (fully subscribed) with Attraction Studio – fully funded by MBIE (a further \$60k).
- Launch the 2023 North Canterbury Business Awards and assist businesses to enter (including Kaikoura)
- Progress the Talent attraction project – produce videos, case studies for website and businesses and scope out a campaign to Auckland
- Work with ECan and TKoT to upgrade their cycle trails to a better standard with funding from DIA
- Assist with the development of a Waimakariri Economic Development Plan
- Assist with the development of a Destination Management Plan with ChristchurchNZ
- Continue to explore and pursue potential catalyst projects
- Work with businesses to create better relationships and trade marketable trade products
- Deliver the Summer and Autumn Campaigns – *'Why not make a day of it'*
- Invite applications to the WDC event fund and MBIE's Major Event fund in March 2023
- Coordinate an audit of business/conference venues to assess if we could promote Waimakariri as a business meetings and conference district.
- Continue to work with Council to address the changing nature of the information services offered at Kaiapoi i-SITE

Heather Warwick,
ENC Chief Executive

Appendix 1

Profit & Loss [Budget Analysis] By Income and Expenditure							
ACTUALS JULY 2022 THROUGH TO DECEMBER 2022							
	Period Actual	Period Budget	\$ Difference	Favourable/ Unfavourable	Annual Budget	Revised Annual Forecast	
INCOME							
Enterprise North Canterbury							
Regional Event Fund	\$22,664	\$19,564	(\$26,700)	U	\$98,728	\$98,728	
North Canterbury Business Awards	\$0	\$0	\$0	-	\$0	\$0	
Cycle Trail Development	\$0	\$0	\$0	-	\$296,240	\$296,240	
Worker Attraction	\$20,000	\$20,000	\$0	-	\$20,000	\$20,000	
Business Training	\$81,526	\$75,660	\$5,866	F	\$158,160	\$143,160	
Regional Business Partner	\$27,900	\$27,899	\$0	F	\$55,799	\$55,799	
Food and Beverage	\$50,637	\$26,327	\$25,311	F	\$50,653	\$75,653	
Other Town Support	\$0	\$0	\$0	-	\$0	\$0	
Business Centre	\$46,412	\$42,250	\$4,162	F	\$84,500	\$87,000	
Management Administration	\$140,857	\$140,390	\$467	F	\$280,780	\$277,780	
Total Income Enterprise North Canterbury	\$389,996	\$380,890	\$9,106	F	\$1,024,860	\$1,054,360	
WDC Promotion Contract							
Business Attraction	\$77,800	\$77,800	(\$0)	U	\$155,600	\$155,600	
Visit Waimakariri	\$141,695	\$143,039	(\$1,344)	U	\$275,079	\$275,079	
Events	\$33,737	\$44,092	(\$10,354)	U	\$118,183	\$118,183	
Kalapioi Isite Grants and Other Income	\$47,500	\$47,500	(\$0)	U	\$95,000	\$95,000	
Kalapioi Isite Commissions Received	\$7,240	\$3,904	\$3,336	F	\$7,500	\$11,100	
Total Income WDC Promotion Contract	\$307,972	\$316,335	(\$8,363)	U	\$651,362	\$654,962	
TOTAL INCOME	\$697,968	\$697,225	\$743	F	\$1,676,222	\$1,709,322	
EXPENSES							
Enterprise North Canterbury							
Regional Event Fund	\$22,664	\$51,864	(\$29,200)	F	\$98,728	\$98,728	
North Canterbury Business Awards	\$7,521	\$1,280	\$6,241	U	\$12,799	\$12,799	
Cycle Trail Development	\$1,616	\$3,913	(\$2,297)	F	\$296,240	\$296,240	
Worker Attraction	\$38,422	\$20,000	\$18,422	U	\$30,000	\$75,000	
Business Training	\$58,735	\$56,646	\$2,090	U	\$107,088	\$107,088	
Regional Business Partner	\$51,926	\$48,341	\$3,585	U	\$95,681	\$95,681	
Food and Beverage	\$48,638	\$37,537	\$11,101	U	\$75,074	\$100,074	
Other Town Support	\$4,623	\$5,282	(\$659)	F	\$10,564	\$10,564	
Business Centre	\$40,251	\$35,883	\$4,368	U	\$71,766	\$71,766	
Management Administration	\$90,228	\$87,955	\$2,273	U	\$151,913	\$151,913	
Total Expenses Enterprise North Canterbury	\$364,625	\$348,700	\$15,924	U	\$950,853	\$1,020,853	
WDC Promotion Contract							
Business Attraction	\$71,015	\$72,911	(\$1,897)	F	\$174,823	\$174,823	
Visit Waimakariri	\$113,378	\$125,528	(\$12,150)	F	\$256,656	\$256,656	
Events	\$31,176	\$41,978	(\$10,803)	F	\$118,640	\$118,640	
Kalapioi Isite	\$46,255	\$51,199	(\$4,944)	F	\$101,598	\$105,198	
Total Expenses WDC Promotion Contract	\$261,823	\$291,617	(\$29,794)	F	\$651,717	\$655,317	
TOTAL EXPENSES	\$626,447	\$640,317	(\$13,870)	F	\$1,602,570	\$1,676,170	
Operating Profit	\$71,521	\$56,908	\$14,613	F	\$73,652	\$33,152	
Other Income							
Interest Income	\$10,064	\$5,000	\$5,064	F	\$22,000	\$27,600	
Total Other Income	\$10,064	\$5,000	\$5,064	F	\$22,000	\$27,600	
Other Expenses							
Total Other Expenses	\$0	\$0	\$0	-	\$0	\$0	
Net Profit / (Loss)	\$81,584	\$61,908	\$19,677	F	\$95,652	\$60,752	



16 February 2023

**Promotion of Waimakariri District
Six Month Report to Council to 31 December 2022**

1. Introduction

This report has been prepared to meet the reporting requirements of the Statement of Intent for the 2022/23 year and follows the format of the Annual Business Plan.

2. Nature and Scope of Activities

This six month report is based on the 2022/23 business plan which has two key objectives with four goals. One focussed on the business sector, and the other three focused on the visitor sector and local residents (community). From a total WDC District Promotion grant of \$461,000 this financial year which includes staff wages, ENC management and all overheads it has been allocated as follows:

1. Business promotion - receives 24% of Council Grant (\$110k – Miles and Amelia)
2. Visitor Activation Programme - receives 76% of Council Grant
 - Kaiapoi i-SITE receives 20%; (\$95k - Anna and Becs)
 - Event grant and promotion of events receives 20% (\$90k of which \$40k goes to event grant funding and includes Zoe wages)
 - District Marketing receives 36% (\$166k of which \$60k goes to district the marketing budget and includes Janine and Zoe wages)

3. Key Highlights this period:

- Assisted the successful establishment of 11 businesses in the district
- Assisted 34 potential or actual startups (face to face)
- Provided data and demographics to developers to help them promote their offerings
- Won a national award for 'Best Practice in Inclusive Development and Wellbeing' from EDNZ for work in supporting startup businesses
- Commenced creation of a brand, campaign and online tools (website and shareable PDF) to assist employers and recruitment agencies in luring top talent to North Canterbury
- Involved over 20 hospitality venues in Waimakariri in the inaugural North Course event for the month of October (funded by the Regional Event Fund).
- Delivered the new brand and campaigns – 'Waimakariri - Why Not Make a Day of It?'
- Posted regular social media posts alongside a solid digital strategy
- Increased events listings on the events calendar
- \$13,257 was awarded to eight events from the WDC Event Funding which ENC administers
- \$10,000 was awarded to one event from the MBIE Regional Event Fund – The North Course which ran in October 2022

- Worked with ChristchurchNZ in the development of a combined Destination Management Plan for Christchurch, Waimakariri, Selwyn and Ashburton.

4. *Waimakariri District Promotion Plan's Four Goals*

GOAL 1: BUSINESS PROMOTION (Business Sector)

ENC are mandated to market the desirable features of setting up in the Waimakariri District, encouraging more businesses to establish here.

Commentary: There has been a notable slow down in new large development project opportunities over the last six months. This can be largely attributed to the changing economy and the expectation that 2023 will be a difficult year due to supply chain issues, increasing construction costs, staff shortages, immigration restrictions, high inflation, increasing OCR along with increasing caution of potential tenants etc. Investors and developers appear more inclined to wait until there is more stability.

To mitigate this seemingly long slow recovery of the economy, ENC and Council are working together to develop a new 10 year Waimakariri Economic Development Strategy and a new Talent Attraction programme which seeks to focus ENC's activities and support local businesses.

1.1 Assisting business start ups – big and small

Over the July to December 2022 period, ENC assisted 34 potential or actual startup businesses with one-on-one interviews and providing information and resources.

- 23 new businesses to the district were promoted in our newsletter and on ENC's Facebook
- 34 people signed up to the online business startup course developed by ENC

11 Successful startups during this period that were assisted by ENC were:

- Easy Clean Yacht Cradles
- Alpinus Manuka Oil
- Lilo Desserts
- Iron Knight Gaming
- Canterbury Horse Transport
- Oh Delilah Aotearoa
- GearXchg
- Kikko Services Ltd
- We-Retreat
- Bocky Boo
- Lawn Views

1.2 Assisting or driving catalyst projects that meet the needs of the Waimakariri community and will enhance the business eco-system

Potential catalyst projects explored in this period are:

- Film Studio and promotion to overseas film producers
- Accommodation and Retail opportunity (Rangiora)
- Hurunui Green Energy Hub (will have employment and business opportunities for Waimakariri also)
- Oxford Observatory (back in play but back to square one)
- Large prefabricated house factory
- Solar Power Farm
- Housing developer looking at opportunities to establish a large subdivision in Waimakariri
- 20 hectare tunnelhouse (200-300 jobs)

1.3 Assisting investors and developers interested in potential Waimakariri projects

- Provided generic data and analysis to local developers and specific information to local developers upon request
- Provided data and analysis to non-local developers interested in building in the Waimakariri district

- Met with and provided information to major developer looking to establish a new housing subdivision in Waimakariri
- Assisted rural land owner with resources around diversification of land (or sale)
- Worked with potential investors to identify attractive propositions in Waimakariri
- Connected businesses or startups looking for investment with the NZTE investment team, investment networks or individual investors specialising in their field
- Assisted hospitality outlets to look for suitable premises in the Waimakariri
- Assisted manufacturers to find suitable premises in the Waimakariri
- Liaised with other EDA's to identify potential investments in the region
- Connected investors and developers to other EDA's when the Waimakariri was not a suitable location for their needs

1.4 Promoting the district as a diverse and dynamic business community

- Invest Section Pageviews down *82% due to ENC having a new website and URL, now enterprisenorthcanterbury.co.nz. It is expected this will increase once again as people become familiar with new URL.
- 26 'Five Minute Fridays' were published with a combined reach of 64,522. This is a post each Friday on ENC's Facebook page profiling local businesses asking why they set up here and what they love about being in the district. We also then ask them to nominate another local business.
- 23 new businesses mentioned on ENC Facebook (37 for the same period last year)

1.6 Attracting Talent to the region

ENC has been tasked with creating a brand, marketing campaign and online tools (website and shareable pdf) to assist employers and recruitment agencies in luring top talent to North Canterbury.

Strategic Objectives

- Stimulate demand for jobs (skilled and semi-skilled) and attract people to work in our region's key industries.
- Elevate the brand North Canterbury and position it as an appealing place to live
- Leverage the job opportunities and industries in North Canterbury to promote the broader North Canterbury appeal
 - This includes businesses relocating to the region and business start-ups and leveraging MADE NORTH CANTERBURY (a value-add for food and beverage businesses)
- Strengthen collaboration between Enterprise North Canterbury and our business community

The first stages of this project have included:

- interviewing and consulting with businesses about their worker/talent issues
- Contracting a design agency to create a brand identity for North Canterbury
- Developing a supporting campaign for when we go to market to attract workers
- Design and build of a website – www.northcanterbury.co.nz which will showcase living and working in North Canterbury
- This first stage has been funded by ENC (economic development grant); Hurunui Tourism/Hanmer Springs Thermal Pools and Spa and Waimakariri District Promotion budget. A total of \$30k.

GOAL TWO – VISITOR MARKETING PROGRAMME

2.1 OBJECTIVE ONE - COLLABORATION

2.1.1 Maintain and grow cost-effective collaborations and communication channels within the district

- Part of our role is to collaborate with players in the tourism industry to increase value and benefit to local businesses. This has included meeting with potential tour operators and attractions to assess trade product to on- sell via the Kaiapoi Information Centre, Inbound Tourism Operators (IBO's) and cruise ships. Premier Golf Tours, Broadoak, Dalkeith, Rusty Acre, Nzulu, San Dona, BNZ apartments to name a few.
- One industry newsletter and monthly events calendar sent to North Canterbury News, Northern Outlook

- Waimakariri events are now published and promoted in the 'Locals' magazine, Family Times and on air with CompassFM
- Collaborated with four businesses to create Christmas themed posts and giveaways reaching 9,600 people and had 266 engagements. Spend of \$27.95 with 144 entries.
- Facilitated a presentation by Mark Inglis on Accessible Cycle Trails to ECan, WDC and TKOT
- Working with Ecan on trail signage

2.1.2 Formalise arrangements with neighbouring agencies able to promote and develop Waimakariri's visitor offering

- Working with ChristchurchNZ and Visit Hurunui on product development opportunities for cycleways within all districts
- Waimakariri advertised in the Official Visitor Guide for Canterbury
- Working with ChristchurchNZ who are developing a Destination Management Plan for Christchurch, Selwyn, Ashburton and Waimakariri.

2.2 OBJECTIVE TWO – NEW DESTINATION APPEAL

2.2.1 Generate New Promotional Material

- 16 itineraries created for active relaxers, adventurers, explorers and families. Downloadable from the website and marketed via social media campaigns.
- 3,858 Visitor Guides were distributed via Visitor Point, iSITES throughout New Zealand, accommodation and travel to Marlborough, Christchurch including the airport, Kaikoura and Hanmer Springs, South Canterbury, Central South Island.

2.2.2 Support development of, and leverage, new major attractions and facilities that open in the district

- Events at Main Power Stadium promoted on our website and Facebook Page.
- Venues and facilities for holding events are promoted on our website

2.2.3 Support event activity that will fill venues off peak, help define the district and that can be anchored permanently

- The events calendar distributed monthly via our database to subscribers, local community groups on Facebook, published in Chatter and Woodpecker as well as Locals magazine, Family Times and through Compass FM weekly. Copies are distributed physically to the WDC service centres and libraries as well as in the Kaiapoi i-SITE.
- Appropriate events were promoted on social media channels, in most cases being at least two per week.
- Two event giveaways were delivered with a combined reach of 2,224 and engagement of 116. These were delivered at no cost.

2.2.4 Administer Waimakariri Event Fund Contestable Fund and Regional Event Fund (REF)

Each year ENC distribute Council event funding to local and out of district event organisers to stimulate events in Waimakariri. In September 2022 the independent funding panel ¹considered nine applications for the Waimakariri Event Fund. Eight were successful and awarded a total of \$13,257. They also considered and granted \$10,000 to one application for the REF - The North Course which included 33 North Canterbury hospitality businesses profiling local produce and beverages on their menus for the month of October.

2.3 OBJECTIVE THREE – LOCAL AWARENESS AND AMBASSADORS

2.3.1 Encourage locals to try new things and improve their awareness of things to do in the district

¹ Christine Watten, Clare Giffard and James Flanagan

- Cycle maps are distributed via cafes, bike shops, Kaiapoi iSITE and downloadable from the website
- Event calendars included in Chatter, Woodpecker and social media community pages
- ‘Why you will always come back shopping’ campaign Electronic Newsletter sent to community and local businesses

2.3.2 Refocus activities of Kaiapoi i-SITE to promote to locals and visitors

- Visitor numbers were down 37% on same six month period last year (down from 909 visitors through the door to 579). We expect this number to be higher in the coming six months as we are seeing more overseas visitors to the District
- Sales were up 12% on same six month period last year (net commissions of \$6,302 vs \$5,604 last year) this is due to more activities being able to be booked (many were closed last year eg TranzAlpine train journey)
- i-SITENZ, part of Tourism NZ, have received a grant from MBIE to upgrade 15 large i-SITES (\$:\$) throughout NZ, which does not include Kaiapoi i-SITE. They have created a new logo and uniform and criteria to remain part of the i-SITE network. This will come at a cost, which we are currently considering.

OBJECTIVE FOUR - VISITOR AWARENESS AND AFFINITY

2.4.1 Create and deliver an annual marketing plan

- Winter campaign, ‘Why you will always come back’ delivered via Christchurch newspapers, magazines and social media.
- Dedicated landing pages created on the website
- Engaged McCarthy to create new marketing plan for 2023 – ‘Why not make a day of it’

	July-December 2021	July-December 2022	Increase/Decrease
Facebook Followers - Dec	7,203	7,540	4.7%
Instagram	1,346	1,407	4.5%
Website Sessions	26,563	28,946	8.9%

2.4.2 Work with others to promote the District

- ChristchurchNZ informed of campaigns and website kept current
- District promoted through four Christchurch suburban newspapers and fashion magazines for appropriate campaigns

3. Summary

In the coming six months we will:

- Produce videos, case studies and downloadable resource for website and businesses to progress the new Talent Attraction Programme
- Scope out and price a campaign to promote local jobs to Auckland (funded by businesses who have jobs)
- Assist with the final stages and development of a Waimakariri Economic Development Plan
- Continue to explore and pursue potential catalyst projects
- Work with businesses to create better relationships and marketable visitor products
- Deliver the Summer and Autumn Campaigns – ‘Why not make a day of it’
- Work with ECan, Te Kohaka Trust to upgrade trails to a sustainable and marketable standard through allocation of DIA funding
- Invite applications to the WDC event fund and Ministry of Business, Innovation and employment (MBIE’s) Major Event fund in March 2023
- Coordinate a audit of business/conference venues to assess if we could promote Waimakariri as a business meetings and conference district.

Heather Warwick,
ENC Chief Executive

2022 Winter Campaign – WHY YOU WILL ALWAYS COME BACK

Focus: Boutique Shopping/Towns



WHY YOU WILL ALWAYS COME BACK

Over 30 boutique shops
in 8 destinations

visitwaimakariri.co.nz

 **Waimakariri**

Statement of Intent

Financial Year Beginning 1 July 2023

Introduction

North Canterbury Economic Development Trust trading as Enterprise North Canterbury (ENC) is a Council Controlled Organisation (CCO) established by the Waimakariri District & Hurunui District Councils. This Statement of Intent sets out the overall intentions and objectives for the period of 1 July 2023 to 30 June 2026.

Nature & Scope of Activities

ENC is an Economic Development Agency with a vision:

'To inspire, attract and retain individuals, businesses and social enterprises to invest in our region'

The Objects of the Trust

The objects of the Trust as set out in clause 3.1 of the Deed of Trust are to:

- Cultivate economic initiatives and foster growth for the benefit of the North Canterbury Community
- Promote the economic, environmental, cultural and social well-being of the North Canterbury Community
- Foster, develop and assist in the management of best practices and effective use of the resources of North Canterbury
- Promote and nurture community-based, sustainable economic growth through projects to benefit the people of North Canterbury Community"

In pursuing these objects ENC will:

- Operate with the utmost integrity
- Be innovative, proactive and professional
- Work collaboratively in all activities it facilitates
- Respect the democratic processes of the sponsoring Councils.

ENC's *modus operandi* is to "stimulate/facilitate/liberate" new projects, as initiatives will only lead the regional economy to a higher level if a project is self-sustaining in the hands of the private sector. ENC does not see itself as "owning" projects in the long term. Accordingly when assessing new initiatives ENC will:

- Promote the sustainability of business
- Have an awareness of the needs of the community within which business operates
- Be a leader and facilitator but not an investor in development projects

The Performance Measures

In pursuit of its vision ENC has adopted three strategic objectives against which its performance will be monitored

ENC Strategic Objectives Performance Measures 2023/24

STRATEGIC OBJECTIVE ONE: SUPPORTING EXISTING BUSINESSES TO GROW & PROSPER

	Performance Measure	Target
Objective 1.1 Support existing businesses to survive and thrive	Deliver the Regional Business Partner Programme for NZTE Attract Talent to the Region Support new and expanding businesses Maintain and grow ENC's website and social media	Undertake 48 Capability Assessments and issue a minimum of \$80,000 NZTE Vouchers A minimum of 24 businesses referred to Business Mentors NZ Local employers and recruiters use website and toolkit to attract employees to the region to work and live. Provide business support 50 new startup businesses and 50 existing businesses to grow/expand Grow social media channels by 10%
Objective 1.2 Celebrate and Recognise Business Leaders in the region	Organise and Host the 2023 Business Awards Gala Dinner and Ceremony	Business Awards Gala event a success
Objective 1.3 To assist Hurunui Council establish economic projects in the district, improving the wellbeing and viability of Hurunui communities	Programme of initiatives agreed and implemented	ENC assists and supports initiatives as agreed

STRATEGIC OBJECTIVE TWO: ATTRACT & INSPIRE BUSINESSES, MANA WHENUA (Te Ngāi Tūāhuriri Rūnanga and Ngāti Kuri) & GOVERNANCE TO INVEST IN OUR REGION

	Performance Measure	Target
2.1 Develop a North Canterbury Cycle Trail	Continue to seek and apply for funds for the development of a North Canterbury Cycle Trail from Christchurch to Waipara	Staff prepare and submit applications in conjunction with the Councils Draft a project plan with budget to deliver the funding from DIA
2.2 Deliver the MADE NORTH CANTERBURY Food and Beverage project to achieve greater collaboration	Local food and beverage producers and manufacturers are provided opportunities to collaborate and connect	Grow MADE NORTH CANTERBURY Website, Facebook and Instagram platforms by 10% that promote detail of business and product, increasing awareness and sales of NCF&B New marketing and promotional initiatives and resources for NCF&B businesses created Opportunities identified to attend and profile MADE NORTH CANTERBURY members at event and trade shows Track referrals, engagements and type of support given
2.3 Collaborate with Te Ngāi Tūāhuriri Rūnanga and Ngāti Kuri	Activate relationships with the business entities through various projects involving ENC and both Councils	Identify and promote investment opportunities that benefit the North Canterbury community

STRATEGIC OBJECTIVE THREE: PROMOTE THE WAIMAKARIRI DISTRICT

	Performance Measure	Target
Produce an annual business promotion plan for board and Council approval	Deliver on Business Promotion objectives, as contracted to Council	Contract delivered Performance reported six monthly to Waimakariri District Council

The Board's Approach to Governance

The Board of Trustees is responsible for the overall corporate governance of ENC. The Trust Deed sets out the governance responsibilities of the Trustees. The Board guides and monitors management of the business and affairs of the Trust on behalf of the Councils to whom they are accountable. The Mayors of each of the Councils are Trustees, and the two CEO's are Advisory Trustees. The Board meets two monthly.

The Accounting Policies

The Trust is a not-for-profit organisation. The Trust has adopted accounting policies that are consistent with the Financial Reporting Act 1993 and Financial Reporting Standards issued by the Institute of Chartered Accountants of New Zealand. The Trust has elected to apply the PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability and has total annual expenses of less than \$2m.

The Ratio of Consolidated Shareholders Funds to Total Assets

As at 30th June 2022 the Trust's Equity comprised 41% of total assets and 100% of net assets. Equity is defined as the sum of the amount of retained earnings and accumulated losses. Total assets are defined as the sum of the net book values of current assets and non-current assets as disclosed in the Trust's annual report.

Distribution to Shareholders

The Trust's Equity is not distributed, but is held in reserve to fund the Trust's future economic development activities and Waimakariri District promotion activities as appropriate.

Information to be Provided to Shareholders

Annually the Trust reports to the Councils, with the following matters being covered:

- Trust Directory
- Review of the Year's Activities
- Report against the Year's Performance Measures
- Statement of Financial Position
- Statement of Cashflows
- Statement of Financial Performance
- Statement of Movements in Equity
- Notes to the Accounts
- Auditor's Opinion

Half yearly reports are provided to Councils including a statement of income and expenditure for the period, and a report of achievements against the Trust's objectives.

The two Mayors and CEO attend Board meetings and receive bi-monthly management and financial reports. The Trust's Strategic Plan and the Annual Business Plan and Budget are made available to the two Councils following its approval by the ENC Board

Procedures for Members to Acquire Shares

There is no means for Trustees to acquire shares.

Compensation from Local Authorities

The Trust receives seed capital from the two District Councils to enable it to initiate its economic development activities. In addition ENC has a service contact with Waimakariri District for the provision of District Promotion services. The following table sets out the current level of funding and that projected for the next three years (excl. GST).

Local Authority	2023/24	2024/25	2025/26	Activity
Waimakariri District Council (confirmed)	\$225,020	\$TBA	\$TBA	Economic Development
Waimakariri District Council (confirmed)	\$473,210	\$TBA	\$TBA	District Promotion
Hurunui District Council	\$51,250	\$51,250	\$51,250	Economic Development

As advised by Council funding through their Annual Plan processes.

If any other contracts are entered into between the Trust and any territorial or regional authority, payment of the contract price will be required from such contracting authority.

Commercial Value of the Shareholders Investment

The commercial value of the shareholders' investment is the Trust's equity is \$530,343 at 30 June 2022 as stated in the annual report.

The Trust Deed requires that *"the capital and income of the Trust fund shall be applied only within New Zealand to meet the Objects of the Trust"*. On winding up all surplus assets are to be applied by the Councils to similar purposes as the Objects of the Trust. No reassessment of the Trust's commercial value is therefore proposed.

Other Matters

The Trust has a contract with Waimakariri District Council for the provision of promotion services until 30 June 2024. The contract has a right for the trust to call for renewal of the contract for a further three years. The contract has a minimum annual level of funding specified (\$200,000) but provides for the Council to confirm a final level of funding each year as it approves the annual Promotion Business Plan, prior to the commencement of each year.

WAIMAKARIRI DISTRICT COUNCIL**REPORT FOR DECISION**

FILE NO and TRIM NO: FIN-01 / 230220022968

REPORT TO: Audit & Risk Committee

DATE OF MEETING: 14 March 2023

AUTHOR(S): Jeff Millward, General Manager Finance & Business Support

SUBJECT: Six Month Financial Statements for the Period Ended 31 December 2022 - Te Kōhaka o Tūhaitara Trust

SIGNED BY:

(for Reports to Council,
Committees or Boards)

Department Manager



Chief Executive

1. SUMMARY

- 1.1. The purpose of this report is to present the Six Month Report for the Period ended 31 December 2022.
- 1.2. The Trust Income Statement (appendix 1) shows it has an operating deficit of \$29,087 for the six-month period ending 31 December 2022 compared with a year to date budget of \$8,021. Expenditure on projects is slightly higher than budgeted.
- 1.3. The Trust has current assets of \$289,000, primarily in cash investments compared with \$205,000 of current liabilities and is in a sound position.
- 1.4. Catherine McMillan (Chairperson) will attend the meeting to present the report and provide an update of the operations and the performance measures that have been provided.

Attachments:

- i. Half-Yearly Report for the period ended 31 December 2022 (TRIM 230118005799)
- ii. Financial Report for the Te Kōhaka o Tūhaitara Trust for the six month period ended 31 December 2022 (TRIM 230223024673).

2. RECOMMENDATION

THAT the Audit & Risk Committee:

- (a) **Receives** report No. 230220022968
- (b) **Receives** the Six Month Report for the Te Kōhaka o Tūhaitara Trust for the period ended 31 December 2022;
- (c) **Notes** the operations for the six months to 31 December 2022 are progressing as planned as presented in the Statement of Intent.

3. **BACKGROUND**

- 3.1 TKTT is a Council Controlled Organisation and is required under the Local Government Act within 2 months after the end of the first half of each financial year, must deliver to the shareholders a report on the organisation's operations during that half year.

4. **ISSUES AND OPTIONS**

- 4.1. The Trust Income Statement shows it has an operating deficit of \$29,087 for the six-month period ending 31 December 2022 compared with a year to date budget of \$8,021. Expenditure on projects is slightly higher than budgeted.
- 4.2. The Trust has current assets of \$289,000, primarily in cash investments compared with \$205,000 of current liabilities and is in a relatively sound position.
- 4.3. The Trust now manages \$8.93 million of assets, consisting primarily in land and improvements and has \$0.24 million total liabilities.
- 4.4. The Trust is making good progress year to date on achieving the objectives and measures as set out in the Statement of Intent agreed with the Council for the year ending 30 June 2023.
- 4.5. The Trust is still in a relatively sound position given it still has a relatively healthy cash position and only \$43,192 of term loan debt. The Trust primarily relies on grants and contributions from Shareholders and other submissions it makes to other organisations for funding to assist in meeting its objectives.
- 4.6. The Annual Report for the year ended 30 June 2022, is scheduled to be audited the week commencing 20 March 2023.
- 4.7. The Management Team have reviewed this report and support the recommendations.

5. **COMMUNITY VIEWS**

5.1. **Mana whenua**

Not specifically sought, however a financial report is provided by the Trust to Te Runanga o Ngāi Tahu who is the other settlor.

5.2. **Groups and Organisations**

Te Runanga o Ngāi Tahu and the Council are Shareholder partners in the Trust and appoint three Trustee each to represent on the Trust

5.3. **Wider Community**

The objectives and measures are provided for within annual plans that is currently being consulted with the community.

6. **IMPLICATIONS AND RISKS**

6.1. **Financial Implications**

The Council has budget provision in the 2023-2024 Annual Plan that is out for consultation on the 17 March for the following:

Activity	2022/23 Budget	2023/24 Budget
Operating Grant, including audit fees (140.100.2410)	219,120	224,160
Directors insurance (135.332.2312)	5,860	6,170
Meeting fees (135.332.2465)	2,960	3,030
Lease – Camp (163.738.2391)	11,010	18,450
Lease – Forestry (167.532.2332)	21,090	21,580
Total	260,040	273,390

The Council also provides for the accounting and administrative services for the Trust.

Ngāi Tahu is contributes towards a general operating grant to the Trust.

The Trust took over operations of the Waikuku Beach Holiday Park in late October 2022. As at 31 December 2022 revenue from the Holiday Park was \$159,407 and the Net Surplus was \$43,864.

Waikuku Beach Holiday Park will be consolidated into Te Kōhaka o Tūhaitara Trust Annual Report at year end.

6.2. **Sustainability and Climate Change Impacts**

There are no sustainability implications identified within the report.

6.3. **Risk Management**

Other than the current restrictions on supply caused by Covid, there are no substantial risks that have been identified at this stage to the achievement of the 2022/23 programme.

6.4. **Health and Safety**

There are no health and safety issue arising out of the report.

7. **CONTEXT**

7.1. **Consistency with Policy**

This matter is not a matter of significance in terms of the Council's Significance and Engagement Policy.

7.2. **Authorising Legislation**

Section 66(1) of the Local Government Act 2002 states "Within 2 months after the end of the first half of each financial year, the board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that half year".

7.3. **Consistency with Community Outcomes**

The work of Te Kōhaka o Tūhaitara Trust contributes to the following outcomes:

Public spaces and facilities are plentiful, accessible and high quality; There are wide ranging activities for enjoying the outdoors; Effect is given to the principles of the Treaty of Waitangi; The community's cultures, arts and heritage are conserved and celebrated; People have a wide ranging opportunities for learning and being informed; People are friendly and caring, creating a strong sense of community in our district; There are wide ranging opportunities for people to

contribute to the decision-making by public organisations that affects our District; There are areas of significant indigenous vegetation and habitats for indigenous fauna;

7.4. **Delegations**

Delegation S-DM 1022 provides that the Audit & Risk Committee has the jurisdiction to “Monitor performance of the Council-Controlled organisations on a six monthly basis”.



Te Kōhaka o Tūhaitara Trust

FILE:	TKT-01-02 / TRIM: 230118005799
REPORT TO:	Te Kōhaka o Tūhaitara Trust
DATE OF MEETING:	1st February 2022
SUBJECT:	Half-Yearly Report for the period ended 31 December 2022

1. **PURPOSE**

The purpose of this report is to provide the Trustee's with the six-month report for the period ending 31 December 2022.

This report is a requirement under Section 66(1) of the Local Government Act 2002, where the Trust is required to "Within 2 months after the end of the first half of each financial year, the board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that half year".

The adopted report is then forwarded to the Settlor partners, Waimakariri District Council and Te Runanga o Ngāi Tahu.

2. **RECOMMENDATION**

THAT Te Kōhaka o Tūhaitara Trust:

- (a) **Receives** the six-monthly report for the period ended 31 December 2022 (Trim Ref: 230118005799).
- (b) **Adopts** the six-monthly report for the period ended 31 December 2022.
- (c) **Forwards** this report to the Trust Settlor partners, Waimakariri District Council, Audit Committee and Te Runanga o Ngāi Tahu.

3. **BACKGROUND**

This report is the six-month report which the Trust is required to provide to its Settlor partners, Waimakariri District Council and Te Runanga o Ngāi Tahu.

This report primarily consists of the measures the Trust set and agreed within the adopted annual Statement of Intent.

Te Kōhaka o Tūhaitara Trust non-financial actions against the 2022/23 Statement of Intent

The Trust will:

1. Manage and administer the Reserve in accordance with the approved Reserve Management Plan.

The Trust continues to manage and administer the reserve in accordance with the approved Reserve Management Plan.

The Reserve Management Plan was updated this year to include additional lands at Pegasus and The Pines & Kairaki Beaches. The Tūhaitara Coastal Park Reserve Management Plan – reserves and non-reserve land became operational in October after signing off by the Minister of Conservation.

2. Ensure all reporting mechanisms to the Settlers are timely and within their statutory timeframes.

All reporting was completed within the statutory timeframes, except, the 21/22 Annual Report, which was not audited within the statutory timeframe due to capacity issues within Audit NZ. An extension to complete the audit was approved by the Auditor General. This extension did not include the requirement to file our Annual Report by 31 December with Department of Internal Affairs, Charities Services, however the Trust filed an unaudited version by the due date. Once the Annual Report has been audited, it will be uploaded to Charities.

3. Ensure that the health and safety and employment conditions of Trust staff, contractors, and visitors meet relevant legislation.

Health & safety and employment conditions of staff contractors and visitors continues to meet relevant legislation.

4. Ensure concessions for events and other activities on Trust land will have Health and Safety Plans and Public Liability Insurance. (Note: Concessions are not just for events, but can be for ice cream vehicles, coffee vehicles, and research activities; they are a mechanism to control all activities.)

All concessions for events and activities are compliant with Trust policy. Risk Management plans are completed for visiting groups and events.

5. Ensure that lease agreements are compatible with the Reserve Management Plan and finalised where necessary to maximise the revenue potential for the Trust.

All lease agreements excluding the forestry rental agreement are up to date. The delay with the Forestry rent review is due to several reasons, including ongoing discussions around the WDC future in this area of activity and two years of Covid. However, a market rental assessment is being completed and the rental will be set in the first quarter of 2023.

6. Promote the cultural significance and history of the land. and ensure this is reflected in new programmes.

This is a strength of the Trust and its programmes. We work closely with mana whenua and have hosted several events including the Kahui Kaumatua group and a Matariki celebration.

We also continue to work with education providers including the University of Canterbury where the cultural significance of Tūhaitara Coastal Park is a significant component of their experience with the Trust.

Our staff receive Te reo lessons on a fortnightly basis and are encouraged to use the language in their daily role.

7. Maximise the opportunities for additional partnerships and sustainable funding to continue with the rehabilitation of Tūhaitara Coastal Park.

While the park experienced a significant fire this year, several positive outcomes have come about. Firstly, Trees that Count have donated 10,000 trees and we have received a significant number of offers of help and additional support from organisations including Conservation Volunteers NZ and Corrections.

We have also been successful in a multi-year partnership with Environment Canterbury through their Waitaha Fund.

8. Develop two performing biota nodes to progress the long-term goal of indigenous coastal forest along the length of the Tūhaitara Park.

We have focused on the existing Biota Nodes within the park network this period and a fish passage between the Pines Wetland and Tūtaepatu southern outlet.

However, we did establish a corrections node on the Gladstone Road entrance to Silk Way and are confident of establishing additional nodes in the new year as the sites have already been identified.

9. Continue the rehabilitation of Tūhaitara Coastal Park.

We had a major setback in October where fire impacted 140 hectares of parkland between the Pegasus Beach carpark and approximately 1.5 kilometres south of Woodend Beach.

While it was extremely saddening to see kahikatea that had been in the ground for a decade destroyed, we have several positives to report. One being that many of our Biota node native plantings have come through relatively unscathed. Green oasis amongst a sea of charred land.

Similarly, at Tūtaepatu, while the initial prognosis was bad, the ti kouka, harakeke and aruhe fern will all come back quickly.

The only infrastructure lost was the lower lookout at Tūtaepatu and around twenty bollards. The lookout metal parts will be reused at the Pines Wetland, to establish a lookout at the north end of Batton Grove.

We have had a robust planting season with planting at The Pines Wetland, numerous Biota Nodes and Tūtaepatu Lagoon.

The animal pest control continued with great support from our Friends of Tūhaitara Coastal Park and the total stood at 4666 as of 31 December 2022.

10. Ensure that access and maintenance programmes are in line with strategic plans and priorities and that they are appropriately resourced.

We have continued to resource our access and maintenance programs appropriately during this period. This has included staffing levels with a team of eight operating in the Park over the summer months.

11. Ensure all work programmes and maintenance activities are consistent with the Park's cultural, biodiversity, ecological, and recreation values.

All programs and maintenance activities are consistent with our values. In the words of our first Chair H R Tau "People may change but values do not".

The Trust hired a Senior Ranger in October to take on the responsibility of the park maintenance and ranger activities.

12. Provide and maintain a minimum 20 kilometres of walking, cycling, and bridle trails within the park for recreational purposes.

While areas of the park were closed during the winter flooding and November fire event, the Trust managed to keep a minimum of twenty kilometres of trails open to the public during the reporting period.

Despite these events, we were able to carry out maintenance work on the Tūtaepatu Trail north of Woodend Beach Road which has flood proofed the section beside the Woodend Beach holiday park.

Forestry contractors dropped several dangerous trees before the trails reopened after the fire, and our staff groomed the trails with a level lawn after some damage from emergency vehicles and equipment.

Regular trail maintenance has continued through the period including mowing, lifting low branches and weed spraying.

13. Finalise plans for the development of a new Trust office/education facility.

Due to commercial sensitivity and its in-committee status, the Trust is unable to report on the progress of this objective other than to say progress has been made on a possible location to establish a Trust office.

14. Develop two additional foredune restoration sites.

The Trust has commenced working with the Waimakariri District Council Greenspace Team on solutions for the foredune erosion adjoining the Waikuku Beach Holiday Park.

As a first step, the Trust and WDC met with ECan staff and Dunes Restoration Trust experts onsite to establish the extent of the erosion and a way forward using the skills of the respective agencies.

It is likely that this area of the foredune will be included in the restoration site project.

15. Commence the leasing of the Kairaki Beach fee simple sections.

The Trust received confirmation from the Minister of LINZ on the last outstanding issue regarding the leases at Kairaki Beach. This clears the way for the Trust to commence leasing sections in the first quarter of 2023.

OBJECTIVES & PERFORMANCE TARGETS 2021 -2022 HURIA RESERVE

1. Complete the installation of the pathway network.
The pathway network is approximately 2/3 completed with the remaining paths due in the next stage.
2. Plant X_m² forest wetland species.
This year X_m² were completed through very successful community and school plantings. The survival rate is >95%
3. Design and install main entry points.

The main entry design is currently underway with significant input from Mana Whenua.

4. Order plants for 2023 spring and autumn planting.
Plant orders for these planting seasons are completed.

4. **FINANCIAL**

Investment

Te Kōhaka o Tūhaitara currently has \$XX invested in term interest accounts to coincide with operational cashflow demands. A proportion of the investment funds are for funded depreciation, future capital works and park rehabilitation.

Investment Account 00881534921002 \$29,475.16 balance 31 December 2022 at 1.4% interest

Investment Account 00881534921004 \$61,521.27 balance 31 December 2022 at 1.2% interest

Investment Account 00881534921006 \$25,521.67 balance 31 December 2022 at 0.60% interest

Cheque Account 0853-0007757-00 \$153,204.04 (As of 31 December 2022)

There are no substantial risks that have been identified at this stage to the achievement of the 2022/23 programme.

Policy

Te Kōhaka o Tūhaitara Trust, under Section 66(1) of the Local Government Act 2002 is required to “Within 2 months after the end of the first half of each financial year, the board of a council-controlled organisation must deliver to the shareholders a report on the organisation’s operations during that half year”.

Profit and Loss

Te Kōhaka o Tūhaitara Trust

For the 6 months ended 31 December 2022

Account	Jul-Dec	Budget	Budget	Full Year
	2022	Jul -Dec	Full Year	Jun-22
Trading Income				
Donations	500	175	350	2,455
Grants Funding from Governmental Organisations	40,561	41,894	41,894	47,676
Grants Funding from Governmental Organisations for the Delivery of Goods or Services	125,840	91,150	182,300	209,888
Grants Funding from Non-Governmental Organisations	25,000	63,500	127,000	92,000
Lease Rental	21,160	21,463	42,926	42,315
Rates Revenue	3,861	3,861	7,722	7,330
Sales	0	-	4,000	17
Interest Income	1,449	1,300	2,600	1,332
Other Revenue	3,625	5,500	11,000	17,564
Vested Assets	-	-	-	-
Gain on Sale	6,957	-	-	-
Total Trading Income	228,952	228,843	419,792	420,578
Gross Profit	228,952	228,843	419,792	420,578
Operating Expenses				
Advertising	600	500	1,000	849
Audit Fees	8,947	4,447	8,894	7,894
Bad Debts	-	-	-	950
Bank Fees	125	150	300	230
Biota Nodes	1,689	2,500	5,000	8,731
Boardwalk, Cycle Way and Tutaepatu Lagoon Expenses	7,938	9,250	18,500	24,373
Communications	865	2,250	4,500	3,010
Conservation Management Area Maintenance	-	-	-	2,120
Cleaning	223	-	-	-
Cultural Education Programme	453	2,500	5,000	63
Depreciation	25,640	21,000	42,000	52,658
Functions and Community Events	567	875	1,750	187
General Expenses	1,844	1,100	2,200	2,118
Insurance	2,807	2,175	4,350	5,048
Interest Expense	485	1,000	2,000	969
Kaipoi Pa Maintenance	1,913	2,500	5,000	4,135
Kaitiritiri ridge park maintenance (WCMA)	633	-	-	-
Legal expenses	-	-	1,500	416
Light, Power, Heating	715	1,000	2,000	1,276
Motor Vehicle Expenses	8,714	7,850	15,700	10,789
Native Forest Regeneration	6,895	-	-	4,687
Office and Ground Maintenance	15	875	1,750	-
Office Expenses	318	1,500	3,000	2,145
Other Employment Costs	6,325	3,750	7,500	4,193
Park Services Maintenance	10,366	10,000	20,000	13,002
Pegasus Wetlands (ECMA)	16,083	-	-	5,982
Pines Beach Wetlands	6,449	2,500	5,000	9,395
Provision for Doubtful Debt	-	-	-	(1,003)
Ranger/Security Services	94	-	-	57
Rates Expenditure	3,861	475	950	7,330
Repairs and Maintenance	1,184	1,250	2,500	1,440
Salaries	128,314	132,825	265,650	182,205
Subscriptions	806	750	1,500	1,589
Telephone & Internet	1,367	1,700	3,400	2,664
Trail Maintenance	11,803	6,000	12,000	16,384
Transect project	-	-	-	1,533
Total Operating Expenses	258,038	220,722	442,944	377,419
Net Profit	(29,087)	8,121	(23,152)	43,160
Gain (Loss) on asset revaluation	-	-	-	-
Total comprehensive revenue and expense	(29,087)	8,121	(23,152)	43,160

Movements in Equity

Te Kōhaka o Tūhaitara Trust
For the 6 months ended 31 December 2022

Account	31-Dec-22	31-Dec-21
Equity		
Opening Balance	8,710,723	8,673,843
Net Surplus/(Deficit) for the year	(29,087)	4,738
Other comprehensive revenue and expense	-	-
Total Comprehensive revenue and expense	(29,087)	4,738
Total Equity at End of Year	8,681,637	8,678,581

Balance Sheet

Te Kōhaka o Tūhaitara Trust
As at 31 December 2022

Account	31-Dec-22	31-Dec-21
Assets		
Bank		
Cheque Account	153,068	119,497
Debtors and Prepayments	19,279	21,290
Investments	116,518	115,220
Total Current Assets	288,865	256,007
Total Current Assets		
Fixed Assets	8,614,907	8,552,772
Intangible Assets	27,478	27,478
Total Assets	8,931,250	8,836,257
Liabilities		
Current Liabilities		
Creditors & Accrued expenses	49,664	53,403
GST	12,604	20,499
Loan - Current	12,923	7,418
Revenue in Advance	40,327	50,624
Wages Payable - Payroll	90,903	12,033
Total Current Liabilities	206,421	143,977
Non-current Liabilities		
Loan - Non-current	43,192	13,699
Total Non-current Liabilities	43,192	13,699
Total Liabilities	249,613	157,676
Net Assets	8,681,637	8,678,581
Equity		
Current Year Earnings	(29,087)	4,738
Retained Earnings	3,569,594	3,532,713
Revaluation Reserve	5,141,130	5,141,130
Total Equity	8,681,637	8,678,581

Statement of Cash Flows

Te Kōhaka o Tūhaitara Trust

For the period ending 31 December 2022

Account	Jul-Dec 2022	Jul-Dec 2021
Operating Activities		
Receipts from customers	3,025	980
Receipts from sales of goods and services	35,290	34,694
Interest Received	1,449	321
Donations	500	1,600
Receipts from grants	196,154	195,870
Cash receipts from other operating activities		
Payments to suppliers and employees	(170,047)	(156,889)
Net Goods Service Tax	2,829	9,996
Net Cash Flows from Operating Activities	69,199	86,573
Investing Activities		
Proceeds from sale of property, plant and equipment	6,957	-
Receipts from sale of investments	115,220	100,236
Payment for property, plant and equipment	(33,810)	(20,810)
Payment for Investments	(116,518)	(115,220)
Other cash items from investing activities	-	-
Net Cash Flows from Investing Activities	(28,152)	(35,794)
Financing Activities		
Repayment of loans	(7,476)	(7,476)
Net Cash Flows from Financing Activities	(7,476)	(7,476)
Net Cash Flows	33,571	43,303
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	119,497	76,194
Cash and cash equivalents at end of period	153,068	119,497
Net change in cash for period	33,571	43,303

WAIMAKARIRI DISTRICT COUNCIL**REPORT FOR DECISION**

FILE NO and TRIM NO: GOV-01-15, FIN-01 / 230223024574

REPORT TO: Audit & Risk Committee

DATE OF MEETING: 14 March 2023

AUTHOR(S): Jeff Millward, General Manager Finance & Business Support

SUBJECT: Te Kōhaka ò Tuhaitara Trust - Statement of Intent for the Year ending 30 June 2024

SIGNED BY:
(for Reports to
Council, Committees
or Boards)

Department Manager



Chief Executive

1. **SUMMARY**

- 1.1. The purpose of this report is to present the Statement of Intent (SOI) for Te Kōhaka ò Tuhaitara Trust (TKTT) for the year ending 30 June 2024 for consideration by the Audit and Risk Committee.
- 1.2. Under its delegation the Audit and Risk Committee considers the SOI and provides any comments that it wishes the Trustees to consider in the SOI and any other information in relation to the CCOs.
- 1.3. TKTT is required to consider the comments from Shareholders (Council & Ngai Tahu) within two months of the 1 March and deliver the completed SOI to the Shareholders on or before 30 June each year. The SOI was received from TKTT on the 1 February 2023.
- 1.4. Catherine McMillan (Chairperson) will attend the meeting to provide a presentation and speak to the report.

Attachments:

- i. Extracts from Schedule 8 Local Government Act 2002
- ii. Draft Statement of Intent for Te Kōhaka ò Tuhaitara Trust for the year ending 30 June 2024 (TRIM 230118005907)

2. **RECOMMENDATION**

THAT the Audit & Risk Committee:

- (a) **Receives** report N° 230223024574.
- (b) **Receives** the Statement of Intent for Te Kōhaka ò Tuhaitara Trust for the year ending 30 June 2024 (TRIM 230118005907)

- (c) **Notes** that under the Local Government Act 2002, the Audit and Risk Committee may request Te Kōhaka ò Tuhaitara Trust to make changes to the Statement of Intent. Te Kōhaka ò Tuhaitara Trust would consider these changes requested and re-present the Statement of Intent prior to the 30 June.
- (d) **Recommends** retaining item 14 and 16 from the 2022/23 Statement of Intent for Te Kōhaka ò Tuhaitara Trust

3. **BACKGROUND**

- 3.1. TKTT is a Council Controlled Organisations (CCOs) as determined under the Local Government Act (LGA), as the Council appoints 50% or more of the Trustees.
- 3.2. Under section 64 of the LGA, the CCO must have a Statement of Intent that complies with clauses 9 and 10 of Schedule 8, provided in section 7.2 of this report.
- 3.3. One of the principal objectives of a control-controlled organisation is to achieve the objectives of its shareholder Council, as specified in the Statement of Intent.

4. **ISSUES AND OPTIONS**

- 4.1. The Trust provided the draft SOI for comment and a business case to support the Strategic direction of TKTT that encompasses Kairaki, Pines Beach and the Eastern and Western Conservation Management areas.
- 4.2. The purpose of a SOI is to:
- state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and*
 - provide an opportunity for Council, being a shareholder, to influence the direction of the organisation; and*
 - provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.
- 4.3. The following changes are recommended to the draft SOI from the 2022/23 SOI which are:

Remove Item 14	<i>Finalise plans for the development of a new Trust office/education facility,</i> as this should be confirmed by 30 June 2023
Remove Item 16	<i>Commence the leasing of the Kairaki Beach fee simple sections</i> as this should have been completed by 30 June 2023.
Add Item 14	Move into a fit for purpose Trust office and education facility.
Add Item 16	Finalise the design and commence the installation of 'our stories' interpretive signage and art features at key cultural and environmental sites.

Staff recommend keeping items 14 and 16 as it is likely these items will still be progressing.

- 4.4. The Audit and Risk committee have the option to:
- 4.4.1. Accept the SOI as presented;
- 4.4.2. Request TKTT to consider amending the SOI, in which case TKKT would consider these changes and is required to under the Act to represent the SOI to Council prior to 30 June;
- 4.5. The Management Team has reviewed this report and supports the recommendations.

5. **COMMUNITY VIEWS**

5.1. **Mana whenua**

Not specifically sought, however the Statement of Intent is provided by the Trust to Te Runanga o Ngāi Tahu who is the other settlor.

5.2. **Groups and Organisations**

There are groups and organisations likely to have an interest in the subject matter of this report and the Trust engage directly with these entities in relation to the services provided and work programme.

5.3. **Wider Community**

The objectives and measures are reported within annual plans and the draft LTP/Annual Plans to be adopted in June and are reported to within the Annual Report.

6. **OTHER IMPLICATIONS AND RISK MANAGEMENT**

6.1. **Financial Implications**

The Council has budget provision in the 2023/24 Annual Plan totalling \$273,390 which is a 5.1% increase on 2022/23 consisting of:

Activity	2022/23 Budget	2023/24 Budget
Operating Grant, including audit fees (140.100.2410)	219,120	224,160
Directors insurance (135.332.2312)	5,860	6,170
Meeting fees (135.332.2465)	2,960	3,030
Lease – Camp (163.738.2391)	11,010	18,450
Lease – Forestry (167.532.2332)	21,090	21,580
Total	260,040	273,390

The Council also provides for the accounting, payroll and administrative services for the Trust. Included in the above is audit fees, rates and software costs that are paid directly on behalf of the Trust.

6.2. **Sustainability and Climate Change Impacts**

The recommendations in this report do have sustainability and/or climate change impacts. The work that TKTT undertake directly impacts positively.

6.3. Risk Management

The Key Assumptions and Risks determined within the LTP have been used as the underlying basis in preparation of the AP.

7. CONTEXT

7.1. Consistency with Policy

This matter is not a matter of significance in terms of the Council's Significance and Engagement Policy.

7.2. Authorising Legislation

Local Government Act specifies the requirements of a Council Controlled Organisation (CCO) accountability and reporting to the Council. Key extracts are provided in Attachment 2 from Schedule 8 of the Local Government Act 2002:

7.3. Consistency with Community Outcomes

The work of Te Kohaka o Tuhaitara Trust contributes to the outcomes and are provided within the Council's annual plan that:

- Public spaces and facilities are plentiful, accessible and high quality;
- There are wide ranging activities for enjoying the outdoors;
- Public Organisations give effect to the spirit of the Treaty of Waitangi;
- The community's cultures, arts and heritage are conserved and celebrated;
- People have a wide ranging opportunities for learning and being informed;
- People are friendly and caring, creating a strong sense of community in our district;
- There are wide ranging opportunities for people to contribute to the decision-making by public organisations that affects our District.

7.4. Delegations

The Audit and Risk Committee has the jurisdiction to "review annually draft performance agreements, including Statement of Corporate Intent of the Council-controlled organisations and recommend adoption to Council" (Delegation S-DM 1022).

Jeff Millward
General Manager Finance & Business Support

1 Purpose of statement of intent

The purpose of a statement of intent is to—

- (a) state publicly the activities and intentions of a council controlled organisation for the year and the objectives to which those activities will contribute; and*
- (b) provide an opportunity for shareholders to influence the direction of the organisation; and*
- (c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.*

2 Statements of intent for council-controlled organisations

The board of a council-controlled organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year.

3 Completion of statements of intent

The board must—

- (a) consider any comments on the draft statement of intent that are made to it within 2 months of 1 March by the shareholders or by any of them; and*
- (b) deliver the completed statement of intent to the shareholders on or before 30 June each year.*

4 Modifications of statements of intent by board

The board may, by written notice, modify a statement of intent at any time if the board has first—

- (a) given written notice to the shareholders of the proposed modification; and*
- (b) considered any comments made on the proposed modification by the shareholders or by any of them within—*
 - (i) 1 month after the date on which the notice under paragraph (a) was given; or*
 - (ii) any shorter period that the shareholders may agree.*

5 Modifications of statements of intent by resolution of shareholders

(1) Despite any other provision of the Act or of the constitution of any council-controlled organisation, the shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent by including or omitting any provision or provisions of the kind referred to in clause 9(1)(a) to (i), and any board to whom notice of the resolution is given must comply with the resolution.

(2) Before giving notice of the resolution to the board, the shareholders must consult the board concerned as to the matters to be referred to in the notice.

6 Statement of intent required if exemption granted under section 7 revoked. If an exemption granted under section 7 is revoked, the council-controlled organisation must,—

- (a) if there is more than 6 months remaining in the financial year, prepare a statement of intent for that financial year; or*
- (b) if there is not more than 6 months remaining in the financial year, prepare a statement of intent for the following financial year.*

7 Obligation to make statements of intent available

A completed statement of intent and each modification that is adopted to a statement of intent must be made available to the public by the board within 1 month after the date on which it is delivered to the shareholders or adopted, as the case may be.

8 Savings of certain transactions

A failure by a council-controlled organisation to comply with any provision of this schedule or with any provision in a statement of intent does not affect the validity or enforceability of any deed, agreement, right, or obligation entered into, obtained, or incurred by that organisation.

9 Contents of statements of intent

A statement of intent must, to the extent that is appropriate given the organisational form of the council-controlled organisation, specify for the group comprising the council-controlled organisation and its subsidiaries (if any), and in respect of the financial year immediately following the financial year in which it is required by clause 3(b) to be delivered and each of the immediately following 2 financial years, the following information:

- (a) the objectives of the group; and*
 - (b) a statement of the board's approach to governance of the group; and*
 - (c) the nature and scope of the activities to be undertaken by the group; and*
 - (d) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and*
 - (e) the accounting policies of the group; and*
 - (f) the performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and*
 - (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and*
 - (h) the kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how it is to be presented); and*
 - (i) the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and from any local authority (whether or not the local authority has agreed to provide the compensation); and*
 - (k) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and*
 - (l) any other matters that are agreed by the shareholders and the board.*
- (2) If a council-controlled organisation has undertaken to obtain or has obtained compensation from its shareholders in respect of any activity, this undertaking or the amount of compensation obtained must be recorded in—*
- (a) the annual report of the council-controlled organisation; and*
 - (b) the annual report of the local authority.*
- (3) Any financial information, including (but not limited to) forecast financial information, must be prepared in accordance with generally accepted accounting practice.*

**DRAFT STATEMENT OF INTENT
FOR THE YEAR ENDING 30 JUNE 2024**

INTRODUCTION

Te Kōhaka o Tūhaitara Trust is a creation of Statute under the Ngāi Tahu (Tūtaepatu Lagoon Vesting) Act 1998, that gave effect to certain provisions of the Deed of 'On Account Settlement', signed on 14 June 1996 by the Crown and Te Runanga o Ngāi Tahu as representative of Ngāi Tahu, -

- (a) By vesting Tūtaepatu Reserve in Te Runanga o Ngāi Tahu; and
- (b) By providing for the establishment of a recreation reserve at Woodend.

Tūtaepatu Lagoon is defined in Schedule 1 of the Act; and the recreational lands are defined in schedule 2 of the Act.

The Act required the Waimakariri District Council and Te Runanga o Ngāi Tahu (The Settlers) to establish a Trust to manage and administer the reserves. By a Deed, dated 31 August 1998, the Settlers established a charitable Trust known as Te Kōhaka o Tūhaitara Trust, whereby the trustees shall be 3 appointed by the Waimakariri District Council and 3 from Te Runanga o Ngāi Tahu. The Ngāi Tahu (Tūtaepatu Lagoon Vesting) Act 1998 provides the legal mechanism for this to be achieved.

Te Kōhaka o Tūhaitara Trust is a Council Controlled Organisation (CCO) under the Local Government Act 2002, because the Council appoints half of the trustees.

Accordingly, the Trust must prepare an annual Statement of Intent and meet certain reporting requirements under the Local Government Act.

The purpose of the Statement of Intent is to specify the purpose, direction and objectives of the Trust and thereby providing an accountability mechanism for the operation of the Trust.

THE OBJECTS OF THE TRUST

The object of the Trust is to manage and administer the Reserve under the management plan prepared in accordance with the Trust Deed for so long as the Reserve is classified as a Recreation Reserve pursuant to the Reserves Act.

NATURE AND SCOPE OF ACTIVITIES

Tūhaitara Coastal Park covers approximately 575ha of land along the coastline from the Waimakariri River mouth to Waikuku Township. Stretching along the coast for 10.5 kilometres it comprises many natural features of local, regional and national importance to the people of New Zealand. As a coastal park it will provide a range of opportunities to preserve Ngāi Tahu values, retain and enhance biodiversity, and provide recreational and educational opportunities for all people.

The Minister of Conservation has appointed the Trust as a local authority for the purpose of the Reserves Act 1977.

The Trust has commenced implementation of the adopted Management Plan.

The Reserves Act does not apply to the Tūtaepatu Lagoon, although the Tūhaitara Coastal Park and Waikuku Beach Reserves Management Plan does. Part B Waikuku Beach Reserve, which is administered by the Waimakariri District Council, is a separate Reserve but is also subject to the Reserve Management Plan as the land is contiguous.

GOVERNANCE ARRANGEMENTS

The Trust's policies and objectives are detailed in the Tūhaitara Coastal Reserve Management Plan. The Statement of Intent is the Trust's annual work programme aimed at meeting the vision *To create a coastal reserve which is founded on and expresses strong ecological, conservation and cultural values and provides opportunity for compatible recreation and education activities for all people of New Zealand and to uphold the mana of Ngai Tahu Whanui by protecting and enhancing the mahinga kai values of Tūtaepatu lagoon.*

The Trust is required to meet at least twice per year to provide governance over the Trust's activities, and copies of minutes are distributed to the Settlers. The Trust meets monthly to ensure that the expectations required by the management plan are realised.

All staff, volunteer and contractors working in the Tūhaitara Coastal Park are required to comply with the Te Kōhaka o Tūhaitara Trust Coastal Park Health and Safety Plan.

OBJECTIVES & PERFORMANCE TARGETS 2023 -2024

All of the listed performance targets will be prioritised and evaluated with consideration to the success in obtaining external funding and the needs of our adjoining communities.

The Trust will:

1. Manage and administer the Reserve in accordance with the approved Reserve Management Plan.
2. Ensure all reporting mechanisms to the Settlers are timely and within their statutory timeframes.
3. Ensure that the health and safety and employment conditions of Trust staff, contractors, and visitors meet relevant legislation.
4. Ensure concessions for events and other activities on Trust land will have Health and Safety Plans and Public Liability Insurance. (Note: Concessions are not just for events, but can be for ice cream vehicles, coffee vehicles, and research activities; they are a mechanism to control all activities.)
5. Ensure that lease agreements are compatible with the Reserve Management Plan and finalised where necessary to maximise the revenue potential for the Trust.
6. Promote the cultural significance and history of the land. and ensure this is reflected in new programmes.
7. Maximise the opportunities for additional partnerships and sustainable funding to continue with the rehabilitation of Tūhaitara Coastal Park.
8. Develop two performing biota nodes to progress the long-term goal of indigenous coastal forest along the length of the Tūhaitara Park.
9. Continue the rehabilitation of Tūhaitara Coastal Park.
10. Ensure that access and maintenance programmes are in line with strategic plans and priorities and that they are appropriately resourced.
11. Ensure all work programmes and maintenance activities are consistent with the Park's cultural, biodiversity, ecological, and recreation values.
12. Provide and maintain a minimum 20 kilometres of walking, cycling, and bridle trails within the park for recreational purposes.
13. Move into a fit for purpose Trust office and education facility.
14. Develop two additional foredune restoration sites
15. Finalise the design and commence the installation of 'our stories' interpretive signage and art features at key cultural and environmental sites.

OBJECTIVES & PERFORMANCE TARGETS 2022 -2023 HURIA RESERVE

1. Complete the installation of the pathway network
2. Order plants for 2023 Spring and 2024 Autumn plantings
3. Plant **1000**m² forest wetland species
4. Commence installation of interpretive signage and materials,

INFORMATION TO BE PROVIDED TO THE SETTLORS

The Trust shall present:

- A six monthly report on the Trust's activities shall be provided, in accordance with the Local Government Act 2002, on the financial performance and position and its progress towards the Performance Targets and other Measures contained in the Statement of Intent.
- An Annual Report shall be prepared in accordance with the Local Government Act 2002, and the reporting requirements prescribed from time to time by the Settlers.
- Copies of the minutes of meetings.
- The MOU between the Trust and the WDC sets out the partnership and requirements
- Ngāi Tahu have informed the Trust that it should report directly to Ngāi Tūahuriri Runanga which will be done quarterly

OTHER REQUIREMENTS

Ratio of Trustee Funds to Total Assets

The ratio of Trust Funds to Total Assets shall be maintained at a minimum of least 90%.

Trust Funds means the Trust equity of the trust as at balance date.

Total Assets means all current and non-current assets of the Trust as at balance date.

Profits and Financial Reserves to be Distributed

The Trust will not distribute any profits or financial reserves during the financial year.

Interests in Other Organisations

The Trust will not purchase or accept an ownership interest in any other organisation, without the prior approval of the Settlers.

Commercial Value of the Trust

The Trustees' estimate of the value of the Trust is the level of Trust equity shown in the latest audited financial statements. The Trustees will consider the Trust's value annually as part of the preparation of the Annual Report.

Activities the Trust is Seeking Compensation from the Council

The Council provides administrative support and financial management for the Trust and compensates the three Council appointed trustees with meeting allowances.

From time to time the Trust may request the Council to assist the Trust by contributing to various projects on the Trust land. Other than in these circumstances, there are no activities that the Trust is seeking compensation from the Council, other than for any land leased to the Council, which will be on normal commercial terms and conditions.

Accounting Policies

Refer to Appendix 1

Appendix 1

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY AND STATUTORY BASE

Te Kōhaka o Tūhaitara Trust is a Trust established to manage and administer the Recreation Reserve contained in the deed of interest of Ngāi Tahu Whanau and other New Zealanders in terms of the Reserves Act 1977.

The financial statements will be prepared in accordance with New Zealand Generally Accepted Accounting Practice.

MEASUREMENT SYSTEM

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Trust.

ACCOUNTING POLICIES

The following specific accounting policies that materially affect the measurement of financial performance and financial position are applied:

(a) Fixed Assets

Fixed assets are recorded at valuation deemed appropriate at the time of transfer, by Quotable Value New Zealand. Valuation was based on a fair market value. Depreciation is recognised in the Statement of Financial Performance on a straight line basis over the estimated life of each part of an item of property, plant and equipment. The estimated useful life for the current and comparative periods are as follows:

Property, plant and equipment 3-40 years.

(b) Goods and Services Tax (GST)

The Trust is registered for GST. The financial statements are prepared exclusive of GST, with the exception of receivables and payables, whose invoices include GST.

(c) Receivables

Receivables are stated at expected realisable value, after a provision (if any) for doubtful balances.

(d) Reduced Disclosure Regime

The Trust qualifies for Reduced Disclosure Reporting. Full advantage will be taken of all Reduced Disclosure reporting exemptions.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

WAIMAKARIRI DISTRICT COUNCIL**REPORT FOR DECISION**

FILE NO and TRIM NO: FIN-01 / 230220022248

REPORT TO: Audit and Risk Committee

DATE OF MEETING: 14 March 2023

FROM: Jeff Millward, General Manager Finance & Business Support

SUBJECT: Audit New Zealand Management Report for the year ended 30 June 2022

SIGNED BY: 
(for Reports to Council, Committees or Boards)

Department Manager

Chief Executive

1. SUMMARY

- 1.1. The purpose of this report is to present Audit New Zealand's Management Report for the year ended 30 June 2022.
- 1.2. The management report culminates the interim audits and the audit work carried out on the Council's Annual Report for the year ended 30 June 2022. An interim audit commenced on 27 June 2022. The final audit commenced in November and was completed 20 December 2022. An unmodified audit opinion was issued for the Annual Report and adopted by Council on 20 December 2022.
- 1.3. The Council achieved an unmodified opinion for the Annual Report. That effectively means it was a clean (unqualified) report and the financial statements present true and fair view in all the areas reported on.
- 1.4. Given the auditing resource constraints coupled with additional workloads, an extension was approved through an amendment to the Local Government Act for reports to be audited and adopted from 31 October to 31 December. Initially the Council was planned to be audited in January 2023, which would miss the statutory timeframe. The Council CCOs are planned to be audited in the March – June 2023 for the period ended 30 June 2022.
- 1.5. The Auditors have made eight recommendations for their audits that would improve internal controls (reference is provided to sections 4.3 – 4.10 of Audit New Zealand's management report). Management responses are included within the Auditor's management report how these have been addressed.
- 1.6. The Auditors have made two other recommendations identified during the audit and the Management have provided responses to these recommendations.
- 1.7. In relation to the control environment, the Auditors have concluded that *"the overall attitude, awareness, and actions of the District Council and management to establish and maintain effective management procedures and internal controls"* and *"we consider that a culture of honesty and ethical behaviour has been created"* and *"The controls in each system are capable collectively of preventing or detecting and correcting material misstatements"*.
- 1.8. Yvonne Yang, the Director from Audit New Zealand will be present at the meeting to present the Audit New Zealand's Management Letter.

Attachments:

- i. Audit New Zealand Management Report for the Year Ending 30 June 2022 (TRIM 230220022231)

2. **RECOMMENDATION**

THAT the Audit and Risk Committee:

- (a) **Receives** report No. 230220022248
- (b) **Receives** Audit New Zealand's Management Report for the year ending 30 June 2022 (TRIM 230220022231);
- (c) **Notes** there are no significant matters arising from the management letter. Audit New Zealand have made a number of recommendations where systems could be improved and these improvements have been made or are programmed to be completed.

3. **BACKGROUND**

- 3.1. The Local Government Act 2002, section 98 states that a local authority must prepare and adopt in respect of each financial year an annual report, containing in respect of that year the information required by Part 3 of Schedule 10.
- 3.2. The Council is required to produce both an Annual Report and a Summary Annual Report, which are both audited each year, under an agreed engagement and pricing schedule with Audit New Zealand on behalf of the Auditor-General.
- 3.3. The Annual Report audits can involve one or two interim audit throughout the year. The interim report provides the Auditors an opportunity to update their understanding of the issues facing the Council and how these are being addressed. It also provides the opportunity to update the auditors understanding of the Council's service performance and reporting systems. The final Audit is primarily concerned with auditing the information contained within the Council's Annual Report for the year ended 30 June. An audit opinion is then generally issued in two ways, an unmodified (unqualified or clean of any material matters) or modified opinion (which is qualified or identifies material departures or information to be brought to the readers attention).
- 3.4. The Auditors will then provide the Council with a final Management Report that sets out the findings of the audit, any observations and recommendations and provide the management an opportunity to provide feedback to the Auditors report, which is then included within the Auditor's report and provided to the Audit and Risk Committee.
- 3.5. Border closures have impacted on Audit New Zealand and other auditing entities ability to employ seasonal resource and undertake the amount of work required of them. Given the auditing resource constraints coupled with additional annual workloads, which included the audit of Local Authorities Long Term Plans, an extension was approved through an amendment to the Local Government Act for reports to be adopted (with the auditor's report) by 31 October to 31 December. The Annual Reporting and Audit Time Frames Extensions Legislation Bill provided extension of time limits for 2021/22 Annual Reports to be adopted (with the auditor's report) by 31 October to 31 December.

4. **ISSUES AND OPTIONS**

- 4.1. The management report provided by Audit New Zealand culminates the interim audits and the audit work carried out on the Council's Annual Report for the year ended 30 June 2022, which commenced with an interim audit on 27 June 2022. The final audit was planned to initially commence 4 September but was then delayed by Audit New Zealand to commence in January 2023. However, due to other audits not being ready and resourcing being available to Audit New Zealand, the audit was then brought forward to late November 2022 and completed 20 December 2022. An unmodified audit opinion was issued for the Annual Report and adopted by Council on 20 December 2022.

- 4.2. As planned, this year's Annual Report included a number of significant pieces of work, including a significant capital works programme and revaluation of Rooding. The 3 Waters, Land, buildings and greenspace assets were last valued 30 June 2020 and were not required to be audited until 2023, however due to inflationary movements and the cost of replacement assessment carried out, were required to be revalued out of cycle for the year ended 30 June 2022.
- 4.3. The Annual report once again included a report of the council's costs and response to the pandemic event, Covid-19 (Corona Virus), which has been covered within Audit New Zealand's management report and concluding that the assessments made were accurate and the actual and potential impacts of COVID-19 are appropriately captured.
- 4.4. The Auditors have also acknowledged the announcement of the Local Government Minister on 27 October 2021, regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach. This was also covered in note 30 to the accounts, "Events After Balance Date", together with our Council's response.
- 4.5. Audit New Zealand carries out tests on its control environment and have stated in their report, *"the overall attitude, awareness, and actions of the District Council and management to establish and maintain effective management procedures and internal controls"* and *"we consider that a culture of honesty and ethical behaviour has been created"* and *"The controls in each system are capable collectively of preventing or detecting and correcting material misstatements"*.
- 4.6. There are no significant matters arising from the Audit New Zealand's Management Letter, however Audit New Zealand have made eight recommendations in relation to Council's reporting systems and controls that could further improve internal controls. A number of these have been since been put in place or incorporated into a work plan. These recommendations, together with the Management responses are covered in sections 4.3 to 4.10 of the Auditor's report. The following provides a brief summary of the findings and action taken:
- 4.6.1. IT change management procedures
- Recommendation: Ensure that the initiative to introduce and strengthen IT change management procedures is continued for all changes, and especially those for network, infrastructure, and operating systems.
- Action: Agreed. All Requests for Change (RFC) are now following the Information Technology Services (ITS) Change procedure and the ITS Change Authority Board is now in place and meeting weekly, or as required. The Change Authority Board members represent all areas of ITS and consider the full implications of any RFCs that meet the criteria for requiring board approval..
- 4.6.2. Creditor Masterfile change report
- Recommendation: Independently review all significant creditor Masterfile changes to ensure the changes made are legitimate. Filter the report to identify the significant changes for review. Ensure all higher risk changes, such as adding new suppliers and the change of bank account numbers, are reviewed regularly to mitigate the fraud risk..
- Action: As discussed, the Council has another control in place for this. When payments are made every invoice is checked by a second person (usually the Senior Accounts Administrator), back to supporting documents. We believe this check of the payments is our primary control. As above an overview is provided prior to payment.
- 4.6.3. Key management personnel interest register

Recommendation: Review and update the Management Team's Register of Interests annually to ensure the completeness of the interest register. Include any close family members identified as related parties, in the interests register.

Action: Agreed - The Management Team's Register of Interests has been updated (as at January 2023). The Executive Assistant to the Chief Executive has now established a process and bring up reminder to refresh this on an annual basis. It now also includes any close family members identified as related parties.

4.6.4. Payroll Masterfile change report

Recommendation: Ensure that all the payroll Masterfile change reports are signed and dated by the reviewer as evidence of independent and timely review.

Action: Agreed - The Finance manager has signed and dated the variation report which is prepared at the end of the fortnightly payroll process as evidence that he has checked the whole process. He will also sign the change report in the future.

4.6.5. Fixed assets register and the asset management system

Recommendation: Perform a monthly reconciliation of assets added in the fixed asset register to the relevant asset management system such as RAMM for roading assets and the GIS for three water assets. This is to ensure that all assets capitalised have been correctly captured in the relevant asset management systems.

Action: Partially agreed - Disposals are being captured in a spreadsheet which the AIM team populate, as roading assets are removed. Unfortunately, RAMM does not have the capability right now to have any historical data for deleted assets in its current form.

There is scope to do a work around by ourselves, but this will make the database a lot more complicated and not very user friendly unlike the current system we have between GIS and Technology One.

4.6.6. Other taxes

Recommendation: Implement the recommendations raised by PricewaterhouseCoopers (PwC) for other taxes.

Action: Agreed - The recommendations have been implemented.

When the events listed above arise, which are "few and far between", the circumstances are often different, requiring in some instances specific remedies.

A review from an independent and external party is provided on these occasions. The Council has in place a Management Tax framework with PwC. This provides access to advice, legislation and other training material. As part of the framework, it requires Council to undertake regular rotation review of its tax risk.

4.6.7. Vested Assets

Recommendation: Ensure compliance with accounting policy by recognising all vested assets at fair value, noting fair value of assets can be determined based on the indexation of the most recent valuations.

Action: Agreed - The Council's internal valuers of three waters/greenspace assets will update the unit price list on a quarterly basis with reference to capital goods index released by Statistics New Zealand. This updated unit price list will be applied when adding vested assets.

The original unit price list and the updates will be available for audit review.

4.6.8. Recommendation: Development contributions

- Implement a robust monitoring process for the development contributions revenue account.
- Analyse development contributions revenue received in advance and review the balances on a monthly basis to ensure that development contributions revenue is recognised in a timely manner.
- Implement a one-up review of the monthly recognition process for development contributions and retain evidence of the review

Action: Agreed. A one-up review will be conducted at least annually of revenue received in advance for development contributions revenue recognition and the database will be adjusted and reconciled accordingly.

- 4.7. The Council's responses have been discussed and agreed with Audit New Zealand.
- 4.8. As an option, the Audit & Risk Committee could request alternative or further action be taken on one or a number of items provided within the Auditors report.
- 4.9. The Management Team have reviewed this report and support the recommendations.

5. **COMMUNITY VIEWS**

5.1. **Mana whenua**

Te Ngāi Tūāhuriri hapū are not likely to be affected by the subject matter of this report.

5.2. **Groups and Organisations**

The Annual Report is a document that is often referenced and relied upon by investors, stakeholders, banks and financial institutions.

5.3. **Wider Community**

The wider community is not likely to be affected by, or to have an interest in the subject matter of this report. The Annual Report and the Auditor management letter are commenting on aspects of the outcomes agreed with the community.

6. **IMPLICATIONS AND RISKS**

6.1. **Financial Implications**

Most of the proposals do not have financial implications although some involve changes to processes, system and staff time.

The cost to Audit, as shown on page 125 of the Annual Report were as follows:

	2020/21	2021/22	2021/22
	Actual	Budget	Actual
Audit Fees for Annual Report	145,000	148,000	158,000
Audit fees for Long Term Plan	87,000	-	-
Total	232,000	148,000	158,000

Note: the additional \$10k fees was required for the additional work in relation to asset revaluation work unplanned but required due to accounting standards.

6.2. **Sustainability and Climate Change Impacts**

The recommendations in this report do not have sustainability and/or climate change impacts.

6.3. **Risk Management**

The annual audit carried out by Audit New Zealand provides added assurance in respect of the accuracy of the Council's financial statements. Implementation of the recommended internal controls on a consistent basis could improve operational performance and/or reduce risk.

6.4. **Health and Safety**

There are not health and safety risks arising from the adoption/implementation of the recommendations in this report.

7. **CONTEXT**

7.1. **Consistent with Policy**

This matter is not a matter of significance in terms of the Council's Significance and Engagement Policy.

7.2. **Authorising Legislation**

Local Government Act 2002 section 98 (to prepare an Annual Report) & 99 (Audit of the Annual Report. Audit New Zealand carry out the Auditor functions, required and in relation to section 99 of the Local Government Act 2002 and on behalf of the Controller and Auditor General.

7.3. **Consistency with Community Outcomes**

The Council's community outcomes are relevant to the actions arising from recommendations in this report and that there are wide ranging opportunities for people to contribute to the decision making that effects our District

7.4. **Authorising Delegations**

Delegation S-DM 1022 provides that the Audit and Risk Committee has the jurisdiction to:

- Liaise with and manage the Council's relationship and arrangements with the Council's external auditors; and
- Review corporate risk assessment and internal risk management practices.

Jeff Millward
General Manager Finance & Business Support

Report to the District Council on the audit of

Waimakariri District Council

For the year ended 30 June 2022

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Key messages

We have completed the audit for the year ended 30 June 2022 for the Waimakariri District Council (the District Council). This report sets out our findings from the audit and draws attention to areas where the District Council is doing well and where we have made recommendations for improvement.

Audit opinion

We issued an unmodified audit report dated 20 December 2022. Without modifying our opinion contained in our audit report, we included an emphasis of matter paragraph to draw attention to the disclosure in the financial statements relating to the inherent uncertainties in the Government's proposed three waters reform programme.

Revaluation of assets

The *Property, Plant and Equipment* accounting standard, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. The District Council revalued its roading assets, three waters assets and land and buildings as at 30 June 2022.

Based on our work performed, we were able to conclude that the roading assets, three water assets and land and buildings balances were fairly reflected within the financial statements.

However, as part of our review, we have noted a few areas for improvements. In particular, we are concerned about the quality of QV's valuation work. We recommend the District Council to:

- evaluate the valuation process and the performance of the external valuation service providers; and
- assess whether the current external valuation service provider is able to provide a quality valuation that will ensure that the carrying amount of the assets are fairly presented on District Council's financial statements.

See section 5.1 of this report for our detailed recommendations.

Other Matters

Our other recommendations are summarised in section 1 below. The report also details the procedures we performed in response to the audit risks we identified in our audit plan.

Thank you

We would like to thank the Council, management and staff for their assistance and for making themselves available throughout the audit to reply to our queries during the audit. We acknowledge the considerable amount of effort put into the preparation of the annual report during these challenging times.

A handwritten signature in blue ink that reads "Yvonne Yang". The signature is written in a cursive, flowing style.

Yvonne Yang
Appointed Auditor
16 February 2023

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Explanation	Priority
<p>Needs to be addressed <i>urgently</i></p> <p>These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.</p>	Urgent
<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. They include any control weakness that could undermine the system of internal control.</p>	Necessary
<p>Address, <i>generally within six to 12 months</i></p> <p>These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address them, provided the benefits outweigh the costs.</p>	Beneficial

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
<p>Improvements to the overall valuation process</p> <ul style="list-style-type: none"> Ensure the quality of the valuation reports is improved going forward. Update the fixed asset register for building assets to align with the land and building valuation report. Reassess Council's current accounting policy to ensure it aligns with the policies applied in the valuation. Implement the improvement areas raised by the valuers. 	5.1	Urgent
<p>Vested assets</p> <p>Ensure compliance with accounting policy by recognising all vested assets at fair value.</p>	4.9	Necessary

Recommendation	Reference	Priority
<p>Development Contributions</p> <ul style="list-style-type: none"> Monitor the development contributions revenue account regularly and document a clear breakdown of revenue in advance, to ensure development contributions revenue is recognised in a timely manner. Implement a one-up review of the monthly recognition process for development contributions. 	4.10	Necessary
<p>IT change management procedures</p> <p>Ensure that the initiative to introduce and strengthen IT change management procedure's is continued for all changes, and especially those for network, infrastructure, and operating systems.</p>	4.3	Necessary
<p>Fixed assets register and the asset management system</p> <ul style="list-style-type: none"> Perform a monthly reconciliation of additions of the fixed asset register against the asset management system. Ensure all assets capitalised are recorded in the relevant asset management system. 	4.7	Necessary
<p>Creditor Masterfile change report</p> <p>Independently review all significant creditor Masterfile changes to ensure the changes made are appropriate.</p>	4.4	Beneficial
<p>Key management personnel interest register</p> <p>Review and update the Management Team's Register of Interests annually to ensure completeness of the interest register.</p>	4.5	Beneficial
<p>Payroll Masterfile change report</p> <p>Ensure that all the payroll Masterfile change reports are signed and dated by the reviewer as evidence of independent and timely review.</p>	4.6	Beneficial
<p>Other taxes</p> <p>Adopt the recommendations raised by PwC for other taxes:</p> <ul style="list-style-type: none"> Review all hurt and humiliation payments made in the last four years to establish a clear policy for processing them in accordance with contracts and legislation. Establish clear processes for payments subject to withholding tax (WHT) and include a compliance review as part of the new supplier process. 	4.8	Beneficial

Recommendation	Reference	Priority
<ul style="list-style-type: none"> Obtain IR330C certificates from contractors who are currently engaged to perform “schedular” activities and ensure WHT is withheld where appropriate. Ensure there is at least one ‘back up’ person who is able to process pay runs. Ensure this person does this regularly to keep up to date with changes. 		

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open recommendations	3	1	1	5
Implemented or closed recommendations	0	3	5	8
Total	3	4	6	13

2 Our audit report

2.1 We issued an unmodified audit report



We issued an unmodified audit report on 20 December 2022. This means we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

Without modifying our audit opinion, we included an emphasis of matter paragraph to draw attention to the disclosure, in the financial statements, relating to the inherent uncertainties in the Government's proposed three waters reform programme as follows:

Without modifying our opinion, we draw attention to note 32 on page 158, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the Governor-General on 14 December 2022. The impact of these reforms will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management the misstatements that we found, other than those which were clearly trivial. The misstatements, that have not been corrected, are listed below along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

Current year uncorrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Investment in associates	1	\$285,000		(\$285,000)	
Mandeville land remediation provision	2		(\$700,000)		\$700,000
Development Contribution revenue	3		\$1,199,000		(\$1,199,000)
Investment property valuation movement	4				\$297,000 (\$297,000)

Current year uncorrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Investment property fair value loss	5	(\$325,000)			\$325,000
Sale of forestry assets and Loss on sale of forestry assets	6				(\$516,000) \$516,000
Total		(\$40,000)	\$499,000	(\$285,000)	(\$174,000)

Explanation of uncorrected misstatements

- 1 To recognise Te Kōhaka O Tūhaitara Trust's current year Property, Plant and Equipment fair value movement.
Management has assessed this as immaterial for adjustment.
- 2 To account for Mandeville land remediation costs for provision for asbestos.
Management has assessed this as immaterial for adjustment.
- 3 To correct the understated development contribution revenue and overstated revenue in advance.
Management has assessed this as immaterial for adjustment.
- 4 To disclose the net investment property valuation movement.
Management has assessed this as immaterial for adjustment.
- 5 To correct the overstatement of investment property due to the formula error that omitted remediation costs.
Management has assessed this as immaterial for adjustment.
- 6 To recognise gross revenue and expense on forestry as the sale should have been accounted for separately (revenue) from the forestry costs (COGS and expenses).
Management has assessed this as immaterial for adjustment.

2.3 Uncorrected disclosure deficiencies

There are no significant uncorrected disclosure deficiencies.

2.4 Uncorrected performance reporting misstatements

There are no significant uncorrected disclosure deficiencies.

2.5 Corrected misstatements

We also identified a misstatement that was corrected by management. This corrected misstatement had the net effect of increasing revenue by \$1.86 million and to decrease the associated equity by the same amount compared to the draft financial statements. The corrected misstatement is listed in below.

Current year corrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Vested Assets revenue	1			\$1,861,200	(\$1,861,200)

Explanation of corrected misstatements

- 1 To correct the understatement of the three waters vested assets revenue.

2.6 Significant corrected disclosure deficiencies

Detail of disclosure deficiency
Changes in accounting policies and the early adoption of PBE IPSAS 41 <i>Financial instruments</i> are now fairly reflected in the annual report.
Significant valuation disclosures such as critical judgments and significant inputs by the valuers, are now included in the annual report.
All subsequent events appropriately disclosed in the annual report.
Prudence benchmarks disclosure corrected and appropriately disclosed in the annual report.
Disclosure of the impact of three waters reform in the annual report.
Various minor editorial changes.

2.7 Significant corrected performance reporting misstatements

Detail of misstatement
The reasons for service performance targets not achieved have now been disclosed in the annual report.

2.8 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the District Council. This includes the draft annual report with supporting working papers.

The financial statements were largely completed when provided. The outstanding information was provided to us in a timely manner, as per the agreed timeframes set at the start of the final audit.

We worked with management to support the adoption of the annual report prior to Christmas. We would like to thank management for their constructive and ongoing engagement to complete the process.

The land and building valuation report was provided to us in a timely manner, as per the agreed timeframes set at the start of the audit. However, the report would benefit from a more thorough quality review process before being provided to audit. See section 5.1 for more details.

3 Matters raised in the Audit Plan



In our Audit Plan of 5 July 2022, we identified the following matters as the main audit risks and issues:

Risk/issue	Outcome of our audit procedures
Assets carried at revalued amounts	
<p>The District Council revalues the asset classes on a three-year valuation cycle. The exception to this is roading assets which are revalued annually.</p> <p>Three waters and solid waste assets were last revalued as at 30 June 2020. The land and buildings and greenspace assets were last revalued as at 30 June 2019.</p> <p>As a result of the fair value assessment for 2022, we understand that the District Council plans to revalue all of its asset classes as at 30 June 2022.</p> <p>The risk for valuations is that they do not appropriately reflect fair value. This can occur through the use of remaining useful lives which are not consistent with the asset's condition, incorrect replacement cost rates, and/or asset quantities.</p> <p>Revaluations continue to be an area of heightened audit risk due to ongoing impacts of the Covid-19 pandemic. Specifically, for depreciated replacement cost valuations, uncertainty is expected to arise from current inflationary pressures and the challenges this will cause in estimating replacement costs.</p>	<p>Roading assets revaluation</p> <p>Council engaged WSP to revalue the roading infrastructure assets at 30 June 2022. The valuation resulted in an increase of \$122.3 million (13%) from the carrying value.</p> <p>We reviewed the valuation report and supporting schedules and confirmed that the valuation had been conducted in accordance with generally accepted accounting practice and PBE IPSAS 17 as well as the relevant valuation standards.</p> <p>We reviewed the revaluation process including source data collection, the methodology applied for the valuation, and the reasonableness of the assumptions. We concluded that the roading assets valuations were appropriate for inclusion in the financial statements and that the valuer has appropriate skills and knowledge to value these assets and is independent from the District Council.</p> <p>Three waters assets revaluation</p> <p>The current year's fair value assessment performed by the management showed a significant uplift on three waters and solid waste assets, as such an out of cycle full revaluation was performed in house and peer reviewed by WSP.</p> <p>We reviewed the critical assumptions and judgments applied in the valuation and no issues were noted. We concluded that the value of the three waters assets is fairly stated in the financial statements and aligns with accounting standards.</p> <p>Land and buildings</p> <p>Land and Buildings increased in value by \$100 million which represents a 43% increase from their carrying amount as at 30 June 2022.</p>

Risk/issue	Outcome of our audit procedures
	<p>We reviewed the methodology used by QV (external valuer) (including assumptions applied and relevant factors considered) and confirmed they are appropriate, reasonable and in line with applicable accounting standards.</p> <p>From our review of the land and buildings report, we have noted a number of improvements which are further detailed under section 5.1 of this report.</p>
Completeness of vested assets	
<p>The District Council has previously identified material prior period errors relating to the completeness of vested assets in the last three years. Due to the history of error, and the level of growth in the district, the completeness of vested assets remain an area of audit focus for the 2022 audit.</p> <p>Based on discussions with management, there are plans in place to continue to improve the current system to prevent further errors.</p>	<p>As outlined in our audit plan, we obtained a list of section 224c certificates issued during the year and after year end. We completed sample testing to as-built plans, reviewed the classification of the vested assets, and reviewed the reconciliation to land titles.</p> <p>From the work done, we noted an error in the three waters vested assets where they were valued based on 2020 standard rates instead of at fair value. This resulted in an understatement of \$1.8 million in the three waters vested assets revenue which was subsequently corrected. See our recommendation outlined under section 4.9 of this report.</p>
Development contributions	
<p>Development contributions (and financial contributions, which are levied under the Resource Management Act) are an important funding tool for the District Council.</p> <p>High growth in the District Council and a history of complex offsetting arrangements with developers create risks that development contributions are not recognised correctly in the financial statements.</p> <p>Development contributions can be contentious. There is an inherent risk that developers may challenge the District Council's compliance with legal requirements.</p> <p>The District Council may also face the risk of needing to repay contributions if developments do not proceed.</p>	<p>We reviewed the District Council's controls to ensure all development contributions are charged in accordance with the policy, the accounting treatment, and disclosures within the annual report, and followed up on the implementation of our previous recommendations.</p> <p>We noted that there is currently no regular reconciliation and recognition of revenue received in advance for development contributions. As at 30 June 2022, there was a total of \$3 million Development Contributions included in revenue in advance. After requesting a reconciliation of the revenue in advance balance, management identified \$1.2million of revenue in advance that should have been recognised as revenue. This shows inadequate monitoring of the account and that a robust review and monitoring process should be implemented.</p>

Risk/issue	Outcome of our audit procedures
To manage this, the District Council needs adequate records.	See our recommendation outlined under section 4.10 of this report.
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> • tested the appropriateness of selected journal entries; • reviewed audit estimates for bias (including valuations and impairment assessments) and evaluated if there was any risk of material misstatement due to fraud, from bias; and • evaluated the business rationale of any significant transactions, which were outside the normal course of business, or that otherwise appeared to be unusual given our understanding of the District Council. <p>We found no indications of management override that would result in a material misstatement in the financial statements due to fraud.</p>

Sector focus areas

Risk/issue	Outcome of our audit procedures
Three Waters Reform	
<p>On 27 October 2021, the Local Government Minister announced the Government’s intention to proceed with the three waters service delivery reforms using a legislated “all in” approach. The Three Waters Reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure currently owned by local authorities, with effect from 1 July 2024. The reform programme is expected to result in significant changes to how water supply, wastewater and stormwater assets are owned and managed in the local government sector.</p> <p>The District Council should ensure that sufficient disclosure about impact of the reform (to the extent that the impact is known) is included in the annual report.</p>	<p>We are satisfied with Council’s disclosure in the annual report, in note 32 on page 158. In addition, note 30, events after balance date, also discloses the status of funding for the Better-off funding and Transition Package Agreements.</p>

Compliance with drinking water standards	
<p>The District Council is required, along with other territorial authorities, to report on its compliance with the drinking water standards (DWS) to:</p> <ul style="list-style-type: none"> • The extent to which the drinking water supply complies with: <ul style="list-style-type: none"> ○ part 4 of the drinking-water standards (bacteria compliance criteria); and ○ part 5 of the drinking-water standards (protozoal compliance criteria). • Up until November 2021 performance related data was captured in the Drinking Water Online (DWO) database and compliance was assessed by Drinking Water Assessors (DWA). As a result of changes to the regulatory framework for drinking water quality, the DWO is no longer accessible and the DWA role no longer exists. • The removal of the DWA will put more emphasis on the District Council's own monitoring processes to demonstrate whether they have complied with the drinking water standards. The District Council will need to ensure if required it has modified its processes to ensure that it has robust systems in place to accurately capture and report its compliance. 	<p>Council had duties under the Health Act 1956 to comply with the Drinking Water Standards for New Zealand 2005 (Revised 2018). The drinking water part of the Health Act has been repealed and replaced with the Water Services Act 2021, which also includes duties to comply with the drinking water standards.</p> <p>Taumata Arowai is now the Government agency responsible for the regulation of drinking water in New Zealand, replacing the Ministry of Health and Drinking Water Assessors. Taumata Arowai took over these regulatory responsibilities in November 2021. However, it did not monitor compliance with the drinking water standards for the 2021/22 year.</p> <p>The District Council implemented new software and engaged an expert to independently review compliance with the drinking water standards that applied during the compliance period from 1 July 2021 to 30 June 2022. The system used for assessment was the same system used by Drinking Water Assessors in the past. The expert, Matt Malloy, concluded that the District Council's water supply did not fully achieve its target to fully comply with the provisions of the Drinking Water Standards for New Zealand 2005 (Revised 2018).</p> <p>We obtained a representation, from Matt Malloy, that the assessment was completed in accordance with the relevant drinking water standards. We assessed that he was suitably qualified and independent from Council. We also confirmed that the underlying data and assumptions, he used, were complete and reasonable and appropriate disclosure was included in the annual report.</p> <p>As the District Council did not comply again with the safety of drinking water performance measure, we recommend the District Council to implement additional appropriate procedures to ensure compliance with the drinking water safety standards, to reduce the health threats to residents.</p>

	<p>Management comment</p> <p><i>It is noted that, as per the report of Matt Molloy, the two compliance issues noted were “considered a technical non-compliance and would not have affected the safety of the water”. The reasons related to the systems in place to record and store evidence of all required maintenance and validation information for the water quality monitoring equipment used to prove compliance. This had previously been identified as an area where improvements were required, and as such a business case was prepared and new software purchased to assist operational staff in recording such validation tasks required to prove compliance. Staff are currently in the process of implementing this new “Infrastructure Data” software to achieve this, and this remains a priority for the Council. As this was not in place for the full 2021-22 compliance year however, full evidence of these tasks for the compliance year was not able to be provided.</i></p> <p><i>Therefore, it is agreed that the Council will continue with the implementation of the Infrastructure Data software to enable evidence of validation, verification, and calibration tasks to be accurately recorded and evidence provided for future compliance assessments. Specific electronic forms have been created to capture this information, which are in use currently.</i></p>
Procurement	
<p>An effective procurement management system can reduce the risk of challenges to the procurement decision-making processes, retain credibility with suppliers, and may decrease the cost of procurement of goods and services. We understand that the District Council in the process of updating its procurement processes and policy.</p> <p>An effective contract management system can provide significant value to an entity throughout the lifecycles of the contracts procured.</p>	<p>We reviewed the District Council’s procurement and contract management practices and confirmed that the processes and policies have been updated to ensure they are appropriate and fit for purpose.</p> <p>The District Council is currently working through implementation of its new procurement and contract management system and working towards RFP (request for proposal) for a new Financial Management Information System (FMIS).</p> <p>We have also followed up on the District Council’s progress with the prior year audit recommendations relating to all self-approved transactions as these are susceptible to fraud. These recommendations are currently still open. See Appendix 1 of the report for more information.</p>

4 Assessment of internal control



The District Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. During our audit, we considered the internal control relevant to preparing the financial statements and the service performance information. We reviewed internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

4.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy and is the context in which the accounting system and control procedures operate. Management, with the oversight of the District Council, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the District Council and management to establish and maintain effective management procedures and internal controls.

We consider that a culture of honesty and ethical behaviour has been created. The elements of the control environment provide an appropriate foundation for other components of internal control.

4.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the District Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for the key financial and non-financial information systems.

The controls in each system are capable collectively of preventing or detecting and correcting material misstatements.

4.3 IT change management procedures

Recommendation

Ensure that the initiative to introduce and strengthen IT change management procedures is continued for all changes, and especially those for network, infrastructure, and operating systems.

Findings

Formal change management policies and processes are not in place for the IT network, infrastructure, and software changes. This increases the risk of unauthorised or untested changes being made, and potentially impacts on the stability of systems and the accuracy of data. It increases the risk that the District Council will suffer a successful cyber attack.

Application system upgrades and changes from TechOne go through a structured testing process, but approval gateways are less formal and do not include the use of a Change Authority Board (CAB) team that includes Information and Technology Management representation. Therefore, changes for the network, infrastructure and operating systems are not logged.

We understand that the management has started implementing a formal Change Management process such as using a CAB and a software tool to record and manage some changes.

Management comment

Agreed. All Requests for Change (RFC) are now following the Information Technology Services (ITS) Change procedure and the ITS Change Authority Board is now in place and meeting weekly, or as required. The Change Authority Board members represent all areas of ITS and consider the full implications of any RFCs that meet the criteria for requiring board approval.

4.4 Creditor Masterfile change report

Recommendation

- Independently review all significant creditor Masterfile changes to ensure the changes made are legitimate.
- Filter the report to identify the significant changes for review.
- Ensure all higher risk changes, such as adding new suppliers and the change of bank account numbers, are reviewed regularly to mitigate the fraud risk.

Findings

On a monthly basis, the Assistant Accountant prints the Creditor Masterfile Changes Report for review. However, he only selects few samples from the report and reviews these samples against the supporting documents. This raises a concern that majority of the changes, in the creditors file made by staff, are not independently reviewed.

Management comment

As discussed, we have another control in place for this. When payments are made every invoice is checked by a second person (usually the Senior Accounts Administrator), back to supporting documents. We believe this check of the payments is our primary control. As above an overview is provided prior to payment.

4.5 Key management personnel interest register

Recommendations

- Review and update the Management Team's Register of Interests annually to ensure the completeness of the interest register.
- Include any close family members identified as related parties, in the interests register.

Findings

The Management Team's Register of Interests has not been updated since September 2020.

We also noted that the interest register does not include any disclosure of close family members relationships. Key management personnel and close family members of the key management personnel, are related parties as are the entities they exert significant influence over .

Timely and complete declarations are important to enable management to disclose any related party transactions within the financial statements and enable the District Council to manage potential or actual conflicts of interest.

Management comment

We have now updated the Management Team's Register of Interests (as at January 2023). The Executive Assistant to the Chief Executive has now established a process and bring up reminder to refresh this on an annual basis. It now also includes any close family members identified as related parties.

4.6 Payroll Masterfile change report

Recommendation

Ensure that all the payroll Masterfile change reports are signed and dated by the reviewer as evidence of independent and timely review.

Findings

We identified that payroll Masterfile change reports have no evidence of independent review. Management advise that the payroll Masterfile change reports are reviewed but were not signed and dated.

Management comment

The Finance manager has signed and dated the variation report which is prepared at the end of the fortnightly payroll process as evidence that he has checked the whole process. He will also sign the change report in the future.

4.7 Fixed assets register and the asset management system

Recommendation

Perform a monthly reconciliation of assets added in the fixed asset register to the relevant asset management system such as RAMM for roading assets and the GIS for three water assets. This is to ensure that all assets capitalised have been correctly captured in the relevant asset management systems.

Findings

From our review of the property, plant and equipment additions testing, we identified a roading asset (traffic facilities) that was not added into RAMM. This presents a risk of assets not being monitored and not included in maintenance routines as they will have been omitted from the asset management system.

Management comment

Disposals are being captured in a spreadsheet which the AIM team populate, as roading assets are removed. Unfortunately, RAMM does not have the capability right now to have any historical data for deleted assets in its current form.

There is scope to do a work around by ourselves, but this will make the database a lot more complicated and not very user friendly unlike the current system we have between GIS and Technology One.

4.8 Other taxes

Recommendation

Implement the recommendations raised by PricewaterhouseCoopers (PwC) for other taxes.

Findings

PwC was engaged during the financial year to perform an overall assessment of District Council's PAYE and FBT compliance for targeted areas of risk. We endorse these recommendations as they should ensure that the District Council complies with its taxation obligations.

Overall, PwC has assessed that Council has a high level of PAYE and FBT compliance. However, recommendations for improvement were raised in the report. They are:

- Review all hurt and humiliation payments made in the last four years and establish a clear policy for processing.
- Establish clear processes for payments subject to withholding tax (WHT) and include a compliance review as part of the new supplier process.
- Obtain IR330C certificates from contractors who are currently engaged to perform "schedular" activities and ensure WHT is withheld where appropriate.
- Ensure there is at least one 'back up' person who is able to process pay runs.
- Ensure this person does this regularly to keep up to date with changes.

Management comment

The recommendations have been implemented.

When the events listed above arise, which are "few and far between", the circumstances are often different, requiring in some instances specific remedies. A review from an independent and external party is provided on these occasions.

The Council has in place a Management Tax framework with PwC. This provides access to advice, legislation and other training material. As part of the framework, it requires Council to undertake regular rotation review of its tax risk.

4.9 Vested Assets

Recommendation

Ensure compliance with accounting policy by recognising all vested assets at fair value, noting fair value of assets can be determined based on the indexation of the most recent valuations.

Findings

Our review identified that the vested revenue for the three water assets was initially recognised at 2020 rates instead of at fair value. This resulted in an understatement of \$1.86 million of vested assets revenue which has been subsequently corrected.

Management comment

The Council's internal valuers of three waters/greenspace assets will update the unit price list on a quarterly basis with reference to capital goods index released by Statistics New Zealand. This updated unit price list will be applied when adding vested assets.

The original unit price list and the updates will be available for audit review.

4.10 Development Contributions

Recommendation

- Implement a robust monitoring process for the development contributions revenue account.
- Analyse development contributions revenue received in advance and review the balances on a monthly basis to ensure that development contributions revenue is recognised in a timely manner.
- Implement a one-up review of the monthly recognition process for development contributions and retain evidence of the review.

Findings

- We noted that there is currently no clear analysis of revenue received in advance for development contributions. As at 30 June 2022, there was a total of \$3 million Development Contributions included in revenue in advance. After we requested a further breakdown of the revenue in advance, management identified \$1.2 million that should have been recognised as revenue. This shows that there was a lack of appropriate monitoring of this account.
- Responsibility for the recognition of development contributions, largely resides with one staff member. The monthly recognition process performed by the staff member is not reviewed on a one-up basis. We understand that journals are reviewed. However, we recommend that the same process, for reconciliation at year end, is followed monthly and independently reviewed.

Management comment

Agreed. A one-up review will be conducted at least annually of revenue received in advance for development contributions revenue recognition and the database will be adjusted and reconciled accordingly.

5 Other matters identified during audit



In this section we outline other matters we identified during the course of the audit.

5.1 Improvements to the overall valuation process

Quality of QV's valuation report

QV's valuation reports did not provide sufficient details such as key inputs and assumptions used, reconciliations, explanation of movements and significant changes among others when compared to the previous valuation. This meant to get sufficient comfort over the revaluation, we needed to hold a considerable number of meetings with the valuer and management as well as perform additional testing to understand the assumptions applied and the associated impacts.

There was clear evidence that the valuers had not thoroughly performed a robust quality review of their own calculations due to some formula errors identified in the valuation spreadsheets. The resulting error has been included under uncorrected misstatement. In addition, there were significant delays in responding to audit requests which resulted in more time being spent in this section.

The poor quality of QV's valuation reports resulted in additional unbudgeted time being spent in obtaining information from the valuer that is normally contained in the valuation reports and valuation spreadsheets based on our experience with other valuers.

Componentisation of the building assets

We note that the building assets now have additional componentisation as laid out in the valuation report. Although the net book value of buildings 30 June 2022 reflects the amounts in the valuation report, the fixed asset register is yet to be updated for the additional componentisation. Therefore, it has different depreciation rates and asset useful lives compared to the valuation report.

Findings raised by WSP

The roading valuer (WSP) has included recommended improvements in the valuation report. These include:

- Continue best practice to maintain, develop and improve the asset register at a high standard.
- Review the unit rates and overheads used for a number of roading assets to ensure that they are appropriate.

- Review and analyse the correction of default construction dates used for post 1980 first coat seals.

Recommendations

- Evaluate the valuation process and the performance of the external valuation service providers.
- Assess whether the current external valuation service provider is able to provide a quality valuation to ensure the carrying amount of the assets are fairly presented on District Council's financial statements.
- Present the valuation reports to the Audit and Risk Committee for review prior to the audit, to ensure the Audit and Risk Committee is comfortable with the judgements and assumptions applied in the valuations.
- Update the fixed asset register for building assets to align with the land and building valuation report.
- Assess whether the Council's current accounting policy is aligned with the policies applied in the valuation and amend as required.
- Implement the improvements raised by the Roding valuer (WSP).

Management comment

Agreed.

The Council used QV valuers on this occasion. The information prepared we understand was on a similar basis to prior years, and the same provided to other entities. Reliance in the past has been placed on the valuers' expertise and their processes. It is understood that Audit New Zealand have brought this additional requirement to the valuers' attention and Council staff have done the same. The recommendations will be discussed with the Valuer prior to the revaluation and specified in the scope of work.

5.2 Additional audit work performed due to QV's quality and out of cycle valuations

As discussed under section 5.1 above, additional work and meetings with the valuer were required due to the poor quality of the QV valuation reports. Several meetings were held with the valuers to understand their valuation methodology and significant delays were encountered in obtaining adequate supporting and verifiable evidence from the valuer. This resulted in our audit work on land and buildings and investment property being extended several weeks resulting in a budget overrun of audit hours and costs in this area.

Also, as discussed in section 3, the current year's fair value assessment, performed by the management, showed a significant uplift on three waters and solid waste assets, as such an out of cycle full revaluation was required this year. This resulted in additional time in validating the critical judgments and assumptions applied as they underpin the values

adopted in the annual report. For various samples selected, unit rates had to be traced to the most recent contracts and a comparison to neighbouring councils was also performed to ensure that adopted unit rates were reasonable.

Given the additional work is not what we budgeted for, we will be seeking to recover our cost that we have incurred with this matter.

Management comment

Agreed.

It should be noted within the current environment that much of the additional work was not within Council's control. It is appreciated that Audit New Zealand have acknowledged this aspect of the valuation and discounted the amount by 50% (\$10k).

5.3 Resignation of the Chief Executive

Jim Harland resigned as Chief Executive with an effective date of 8 July 2022. The settlement agreement was signed on 23 June 2022.

We sought advice from our technical team as the agreement has several components which impacted on reporting disclosures under the accounting standards and the Local Government Act (LGA) 2002.

For the 30 June 2022 annual report:

- KMP transactions: accounting standard, PBE IPSAS 20 *Related Party* required the inclusion of all the amounts per the settlement agreement. This included the three months' salary in lieu of notice not worked, portion of accrued salary and holiday pay up to 30 June 2022, holiday pay for the notice period, and the reimbursement for legal fees, and the severance package including gifting his Council mobile phone and laptop, as termination benefits. This is in line with the disclosures in note 27- Related Parties in the financial statements.
- Chief Executive Officer remuneration: clause 32 of the LGA required the disclosure of the salary and accrued holiday pay up to 30 June 2022. This is in line with the disclosures in note 27- Related Parties in the financial statements. Severance payment: clause 33 of the LGA required disclosure of the reimbursement for legal fees, and the severance package including gifting of his Council mobile phone and laptop. This is in line with note 7 – Severance Payments on page 120 of the financial statements.

For the 30 June 2023 annual report CEO remuneration disclosure, clause 32 of the LGA requires the disclosure of three months' salary in lieu of notice (excluding the two weeks' notice period worked), Holiday pay for the notice period, and salary and accrued holiday pay, from 1 July 2022 to the termination date 8 July 2022.

We will follow up on the disclosure of the settlement in the 30 June 2023 annual report.

5.4 Climate Change

The Ministry for the Environment (MfE) requested information, in late 2020, via an online survey. This was completed and reviewed internally and then submitted in early 2021. Neither MfE nor the Climate Change Commission have requested further information since this date.

This year the District Council took a significant step in its climate change response – Council has undertaken and received a District level climate change scenarios report. It considers the future impact and implications of climate change under different scenarios. This work furthers the regional climate change work undertaken at a greater Christchurch level and builds the suite of information available to inform forward planning of adaptation and sustainability strategies. The District Council is a member of the Canterbury Mayoral Forum Climate Change Steering Group which is working to understand the long-term effects of climate change for Canterbury. The Council is committed to working with mana whenua and the wider community to mitigate and adapt to climate change.

We will monitor this area in future audits.

6 Public sector audit



The District Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by the District Council;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees.

We have not identified any significant matters to bring to your attention.

7 Key changes to the Government Procurement Rules



The Government Procurement Rules (Rules) have had two new rules added. As well as these changes, the Government has introduced a “Progressive Procurement Policy” in which agencies must increase the diversity of their suppliers. One of the key features of the policy is that mandated agencies (those who are required to comply with the rules) are required to adopt a target that “5 percent of the total number of procurement contracts are awarded to Māori businesses”. Further details of these changes are noted below.

Procurement response measure

From 1 June 2021 the Procurement response measure rule came into effect. This new rule (12A) allows the Ministry of Business, Innovation and Employment (MBIE) as Procurement Functional Leader (PFL) to respond to a policy priority, emergency, or crisis by declaring appropriate procurement response measures (a procurement measure), to help achieve specific outcomes and drive positive change across the government procurement system.

By declaring a procurement measure, the PFL can mandate and deliver targeted interventions at a national, sectoral, or regional level. Procurement measures may be applicable to some or all mandated agencies and their procurement activities. They are put in place for a set period to support defined objectives.

Further details can be found at [Procurement response measure guidance](#).

Quality employment outcomes

A new rule 18A will come into effect on 1 October 2021. This rule requires mandated agencies to consider quality employment opportunities for New Zealanders. This is in addition to previous changes in 2019 on [Broader Outcomes](#) in the Rules. MBIE have advised guidance and training will be available before the new Rule comes into effect.

Te Kupenga Hao Pāuaua – Progressive Procurement

On 3 December 2020 the government [announced](#) a further change to procurement policy for mandated agencies. Te Puni Kōkiri and MBIE have worked in partnership to develop the progressive procurement approach aimed at increasing the diversity of government suppliers, starting with Māori businesses. The Ministers for Māori Development and Economic and Regional Development [announced](#) a target to encourage public agencies to “cast the net wider” when awarding contracts. The progressive procurement policy is called Te Kupenga Hao Pāuaua. Translated it means cast the fishing net wide and be enterprising.

The main features of the “Progressive Procurement Policy” are:

- The definition of a Māori business as a Māori authority (as classified by the Inland Revenue Department) or a business with minimum 50% Māori ownership.

- A target that 5% of the total number of buyer (mandated government agencies) procurement contracts are awarded to Māori businesses.
- Intermediary organisations to act as a broker, matching and connecting buyers and suppliers to realise procurement opportunities. Further, brokers can assist with verifying supplier businesses as meeting the definition of Māori business.
- Supporting sustainable, long-term behavioural change of government agencies and businesses' procurement practices.

Details on this initiative can be found at the Te Puni Kōkiri website for [Progressive Procurement](#) including [information for buyers](#).

We encourage procurement staff to understand the changes and prepare for their implementation by considering the changes that are required to the Council's procurement policies, procedures and practices.

Five questions your governing body could ask right now

- 1 Is our procurement policy up-to-date and consistent with these new rules and policy objectives?
- 2 Are we clear how we implement broader outcomes in our procurement practices with updated tools, templates, and guidance?
- 3 Do we have complete information on our current suppliers, and can we identify the Māori businesses amongst them?
- 4 What have we done to reach out to our suppliers to identify whether they are Māori businesses?
- 5 What have we done to understand and remove barriers for Māori businesses to compete for our work?

Two next steps

- 1 Do we know enough about all our suppliers to understand and differentiate between them, so that we can be sure we are "casting the net wide"?
- 2 Have we developed procurement approaches that identify and reach out to Māori businesses, to make it easy for them to compete for contracts?

Future audits

By 2022 we expect agencies will have implemented the required changes. In future audits we will be reviewing whether mandated agencies have:

- a framework in place regarding broader outcomes and progressive procurement – policies, procedures, tools, and templates;

- are applying the policies in practice consistently and well; and
- ensuring that senior managers and governors have the information they need to monitor and review the organisation's adherence to the broader outcomes and progressive procurement requirements.

8 Useful publications



Based on our knowledge of the District Council, we have included some publications that the District Council and management may find useful.

Description	Where to find it
Performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance – Office of the Auditor-General New Zealand (oag.parliament.nz)
Local government risk management practices	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where Councils do not have effective risk management. This report discusses the current state of local government risk management practices and what Councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices
Public accountability	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders

Description	Where to find it
Setting and administering fees and levies for cost recovery	
<p>This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Setting and administering fees and levies for cost recovery: Good practice guide</p>
<p>The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.</p>	<p>On Audit New Zealand’s website under good practice.</p> <p>Link: Good practice in reporting about performance — Audit New Zealand (auditnz.parliament.nz)</p>
Managing conflicts of interest involving Council employees	
<p>This article discusses findings across four Councils on how conflicts of interest of Council employees, including the Chief Executive and staff, are managed.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: Getting it right: Managing conflicts of interest involving Council employees</p>
Covid-19 implications for financial reporting and audit in the public sector	
<p>Audit New Zealand Executive Director Steve Walker and Head of Accounting Robert Cox joined an online panel hosted by Victoria University of Wellington and the External Reporting Board. They discuss the effects of Covid-19 and the economic recovery on financial reporting and audit in the public sector.</p>	<p>On our website under good practice.</p> <p>Link: Covid-19 page</p> <p>Link: Webinar</p>

Description	Where to find it
Model financial statements	
<p>Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</p> <ul style="list-style-type: none"> • significant accounting policies are alongside the notes to which they relate; • simplifying accounting policy language; • enhancing estimates and judgement disclosures; and • including colour, contents pages and subheadings to assist the reader in navigating the financial statements. 	<p>Link: Model Financial Statements</p>
Tax matters	
<p>As the leading provider of audit services to the public sector, we have an extensive knowledge of sector tax issues. These documents provide guidance and information on selected tax matters.</p>	<p>On our website under good practice. Link: Tax Matters</p>
Client substantiation file	
<p>When you are fully prepared for an audit, it helps to minimise the disruption for your staff and make sure that we can complete the audit efficiently and effectively.</p> <p>We have put together a collection of resources called the Client Substantiation File to help you prepare the information you will need to provide to us so we can complete the audit work that needs to be done. This is essentially a toolbox to help you collate documentation that the auditor will ask for.</p>	<p>On our website under good practice. Link: Client Substantiation File</p>
Sensitive expenditure	
<p>The Auditor-General's good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top". It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.</p>	<p>On the Office of the Auditor-General's website under good practice. Link: Sensitive expenditure</p>

Description	Where to find it
Conflicts of interest	
<p>The Auditor-General has published guidance on conflicts of interest. A conflict of interest is when your duties or responsibilities to a public organisation could be affected by some other interest or duty that you have.</p> <p>The material includes a printable A3 poster, an animated video on predetermination and bias, gifts and hospitality, and personal dealings with a tenderer. There is also an interactive quiz.</p> <p>These can all be used as training resources for your own employees.</p>	<p>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: Conflicts of interest</p>
Severance payments	
<p>Because severance payments are discretionary and sometimes large, they are likely to come under scrutiny. The Auditor-General has released updated good practice guidance on severance payments. The guide is intended to help public sector employers when considering making a severance payment to a departing employee. It encourages public organisations to take a principled and practical approach to these situations. The update to the 2012 good practice guidance reflects recent case law and changes in accounting standards.</p>	<p>On the Office of the Auditor-General's website under 2019 publications.</p> <p>Link: Severance payments</p>
The Auditor-General's report on the results of recent audits	
<p>The Office of the Auditor-General publishes a report on the results of each cycle of annual audits for the sector.</p>	<p>On the Office of the Auditor-General's website under publications.</p> <p>Links: Local government 2019/20 audits</p>

Description	Where to find it
Good practice	
<p>The Office of the Auditor-General’s website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	<p>On the Office of the Auditor-General’s website under good practice.</p> <p>Link: Good practice</p>
Procurement	
<p>The Office of the Auditor-General are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Links: Strategic suppliers: Understanding and managing the risks of service disruption</p> <p>Getting the best from panels of suppliers</p> <p>Local government procurement</p>

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Urgent		
<p>All expenditure transactions should be approved independently on a one up basis</p> <p>Implement segregation of duties through independent one up review of all transactions within the expenditure system, by mandating the use of purchase orders (“PO”) for all the expenditure and capital expenditure (capex) transactions.</p> <p>The District Council perform an investigation for all self-approved transactions as these are susceptible to fraud. This investigation could be done through an internal audit review.</p>	2021	<p>Open – in progress</p> <p>This issue still exists. The Finance Manager has put in a change request to IT, to disable self-approval transactions in the system.</p> <p>Management comments</p> <ul style="list-style-type: none"> • <i>IT has updated the system to disable self-approval. This is currently at the testing phase.</i> • <i>The most challenge will be the roll out to the users. The timeframe has not been decided yet.</i>
<p>Align the delegations within the expenditure system to the approved delegation financial authority (DFA) policy</p> <p>A review should be performed to ensure that the delegation limits set in the system align with the most recent delegation policy. This review should happen every time delegation policy is renewed.</p> <p>Where the transaction is over the Chief Executive’s delegation limit, the District Council should establish an appropriate process for the approval of these transactions.</p>	2021	<p>Open – in progress</p> <p>IT provided a delegations report in the finance system in TechOne to the Finance Manager to review the Delegation Manual.</p> <p>A formal regular review process is still to be implemented The Finance Manager intends for this process to be performed annually and include a pdf of his signature as evidence of this check, and upload this to SharePoint.</p> <ul style="list-style-type: none"> • This process has been executed once so far and no discrepancies are identified. If more discrepancies are identified between the DFA policy and the limits set within TechOne system, the Finance Manager intends to perform this review more often. PDF with signature will be saved as copy of work done.

Recommendation	First raised	Status
		<p>A review should be performed to ensure that the delegation limits set in the system align with the most recent delegation policy.</p> <p>Management comment</p> <p><i>Agree. A formal review process which is signed and dated will be performed at least annually.</i></p>
<p>Development contributions revenue</p> <p>Implement one-up review of the monthly recognition process for development contributions.</p>	<p>2019</p>	<p>Open</p> <p>No progress. We have raised this as a new recommendation, see section 4.10 above.</p>
<p>Necessary</p>		
<p>Lack of oversight/review on performance measures</p> <p>Implement a formal independent review on all the performance measures on annual basis by an appropriate staff member.</p>	<p>2021</p>	<p>Open – No progress</p> <p>There is still a lack of independent review on all the performance measures on annual basis by an appropriate staff member.</p> <p>Management comments</p> <p><i>This is covered within the report recommendations to be corrected.</i></p>
<p>Beneficial</p>		
<p>CAPEX reconciliation (includes fully depreciated assets)</p> <p>Develop a plan to address the reconciliation issues between the capital spent and the value created (as recommended by the valuer in next year's valuation) and between the fixed asset register and general ledger including all financial statement note line items and appropriate accounting treatment in relation to the replacement of Roding assets.</p>	<p>2021</p>	<p>Open – no progress</p> <p>Operational assets - Differences between cost and accumulated depreciation in FAR - issue remains.</p> <p>Management comments</p> <p><i>This is covered within the report recommendations to be corrected</i></p> <p><i>Disposals are being captured in a spreadsheet which the AIM team populate as we come across roading assets that have been removed.</i></p> <p><i>Unfortunately RAMM does not have the capability right now to have any historical data for deleted assets in its current form.</i></p> <p><i>There is scope to do a work around by ourselves, but this will make the database a lot more complicated and</i></p>

Recommendation	First raised	Status
		<p><i>not very user friendly unlike the current system we have between GIS and T1.</i></p> <p><i>Given the process in place, this recommendation should be closed.</i></p>

Implemented or closed recommendations

Recommendation	First raised	Status
Necessary		
<p>Completeness of vested assets</p> <p>Implement management identified control improvements to the system to record vested assets.</p> <p>Perform regular reconciliations (at least annual) of the property database from the rates system to the land and buildings fixed asset register.</p>	2019	<p>Closed</p> <p>No issues identified as part of our testing of the completeness of vested assets.</p>
<p>Local Government Act (LGA) 2002 Requirements - CCO SOI publications</p> <p>The District Council publish its Council Controlled Organisation's Statements of Intent (SOI) and half yearly reports on their website within one month of receiving them to comply with the LGA 2002.</p>	2020	<p>Closed</p> <p>We have not identified any matters to bring to your attention.</p>
<p>Vested assets-a process whereby the AIM team can identify whether completed subdivision projects contain as-built plans</p> <p>Implement a process whereby the AIM team can identify whether completed subdivision projects contain as-built plans to enable the team to capture and record vested assets in a timely manner.</p>	2017	<p>Closed</p> <p>No issues identified in regard to the timeliness of assets vested.</p>
Beneficial		
<p>2021 Matters to be followed up for 2021/22 year's interim audit visit- contract register</p> <p>We recommend the District Council investigate the implementation of the contract management module in its new</p>	2021	<p>Closed</p> <p>Vendor Panel system was implemented in April 2022.</p>

Recommendation	First raised	Status
FMIS once the implementation of the other modules is complete.		
<p>Financial statements presentation -parent column</p> <p>Remove the “parent” column in the 2021/22 financial statements if the District Council continues to have no subsidiaries.</p>	2021	<p>Closed</p> <p>Disclosure has been updated.</p>
<p>Timely review of monthly bank reconciliations</p> <p>Monthly bank reconciliations should be independently reviewed in a timely manner.</p>	2020	<p>Closed</p> <p>As per our review of bank reconciliations, the timeframe (review before the next monthly bank reconciliation prepared) has been improved since we raised the recommendation for timeliness in FY20.</p>
<p>2021 Matters to be followed up for 2021/22 year’s interim audit visit- Hotel expenditure</p> <p>The District Council review its hotel expenditure to ensure it is moderate and is appropriate for the circumstances.</p>	2021	<p>Closed</p> <p>No issues identified as part of our testing of sensitive expenditure.</p>
<p>System access – Rate modules and cashiers</p> <p>Review and remove the use of generic accounts where possible. This includes the non-IT staff and the generic rates and cashier user accounts.</p>	2021	<p>Closed</p> <p>The accounts were reviewed, and generic accounts were removed, called:</p> <p>RATEDEBTOR</p> <p>RATEDEBTADMIN</p>

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the District Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The District Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit, we have carried out an assurance engagement of the Waimakariri District Council's Debenture Trust Deed. Other than the audit and these engagements, we have no relationship with or interests in the District Council.</p>
Fees	<p>The audit fee for the year is \$144,034, as detailed in our Audit Proposal Letter.</p> <p>As discussed in section 5.1 and 5.2, we intend to negotiate additional cost recovery for the unbudgeted work performed relating to poor quality of QV valuation reports and the off-cycle three water revaluation.</p> <p>Other fees charged in the period are \$4,500 for limited assurance engagement of the Waimakariri District Council's Debenture Trust Deed.</p>

Area	Key messages
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.</p>

AUDIT NEW ZEALAND

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WAIMAKARIRI DISTRICT COUNCIL**REPORT FOR INFORMATION**

FILE NO and TRIM NO: GOV-26 / 230301027998

REPORT TO: AUDIT AND RISK COMMITTEE


DATE OF MEETING: 14 March 2023

AUTHOR(S): Thea Kunkel, Governance Team Leader

SUBJECT: Reporting on LGOIMA Requests for the period 1 November 2022 to 28 February 2023

ENDORSED BY:
(for Reports to Council, Committees or Boards)

_____ General Manager

_____  Chief Executive

1. SUMMARY

- 1.1 This report provides an update to the Audit and Risk Committee on the requests for information made under the Local Government Official Information and Meetings Act 1987 (LGOIMA).
- 1.2 The Council received 35 official requests from 1 November 2021 to 28 February 2022 and similarly for the same period in 2022/23. However, the Council responded to 36 official requests during the period under review, which was six more than the official requests responded to in the same period in 2021/22. The official requests were mostly for information regarding building consents, roading, Waimakariri Libraries, Three Waters, and rezoning consent applications.

Attachments:

- i. Table of requests from 1 November 2022 to 28 February 2023 (Trim 230301028466).

2. RECOMMENDATION

THAT the Audit and Risk Committee:

- (a) **Receives** Report No. 230301027998 for information.
- (b) **Notes** that the Council responded to 36 official requests of information from 1 November 2022 to 28 February 2023, which was six more, than the 30 official requests responded to in the same period in 2021/22.

3. BACKGROUND

- 3.1 Any member of the public may make a request for official information to the Council, and the LGOIMA prescribes how these requests are to be managed, the statutory timeframes for dealing with them and the basis of decision-making on the release of information. The LGOIMA is the local government version of the Official Information Act, 1982, that people may be more familiar with, which applies to central government agencies.
- 3.2 Decisions on the release of information are delegated to the Chief Executive under the LGOIMA and are sub-delegated to the Governance Manager.

- 3.3 LGOIMA information is provided monthly to the Management Team and quarterly to the Audit and Risk Committee. The previous report covered the period of 1 September to 31 October 2022. This report, therefore, covers the period of 1 November 2022 to 28 February 2023.
- 3.4 The Council received a workshop on LGOIMA requests on 28 February 2023 reiterating the process that occurs when a request is received.

4. **ISSUES AND OPTIONS**

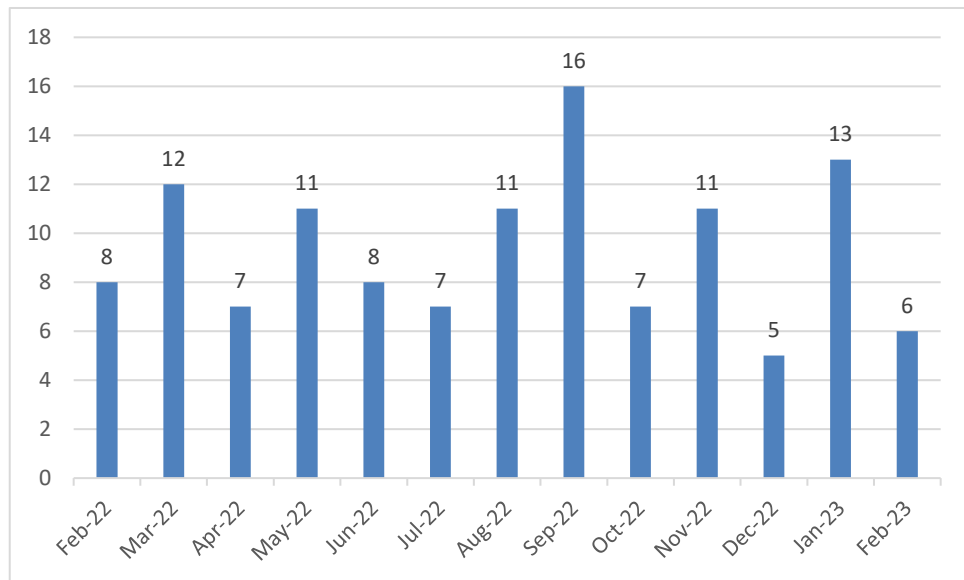
- 4.1 The Council processes requests for information in accordance with the LGOIMA and the Privacy Act 2020. The aim is to balance transparency and public interest issues with limits on disclosing personal information.
- 4.2 All information will be provided unless there is a good reason under the provisions of the LGOIMA for not releasing it. The Council is entitled to consider not releasing information if it would:
- prejudice the maintenance of the law
 - endanger the safety of any person
 - breach the privacy of any person
 - disclose confidential or commercially sensitive information
 - cause serious offence to Tikanga Māori or disclose the location of Waahi Tapu
 - breach an obligation of confidence
 - prejudice: public health or safety; the Council's right to legal professional privilege; the commercial activities of the Council; or negotiations being carried out by the Council.
- 4.3 Below in Table 1 is a summary of the number of official requests the Council responded to from 1 February 2022 to 28 February 2023. The Council takes an average of 14 days to respond to official requests. If the Council could not meet the statutory requirements, the applicant was advised of the Council's decision to provide the information and that an extension of time would be required per the provisions of Section 13(1) of the LGOIMA.

Month	Number of applications responded to	Number of responses not meeting the statutory requirements
February 2022	7	None
March 2022	13	Two (large volumes of information requested). DIA and 3waters matters. Time extension requested and accepted.
April 2022	7	None
May 2022	12	One (large volume of information requested). DIA and 3waters matters. Time extension requested and accepted.
June 2022	7	None
July 2022	7	One (delay in accumulating the information). Time extension requested and accepted.
August 2022	9	None
September 2022	13	One (delay in accumulating the information). Time extension requested and accepted.
October 2022	9	Three (large volumes of information requested).
November 2022	11	One (additional information become available about the proposed chlorination of the Oxford Township Water Supply that staff needed time to collate the information. Time extension requested and accepted)
December 2022	7	One (delay in accumulating the information). Time extension requested and accepted.

Month	Number of applications responded to	Number of responses not meeting the statutory requirements
January 2023	10	One (delay in accumulating the information). Time extension requested and accepted.
February 2023	8	None
Total	120	8

Table 1: Summary of the number of Official Request responded to.

- 4.4 Graph 1 below outlines the number of requests for information received monthly during the last year. It can take staff approximately one to two hours to respond to straightforward requests or several days for more extensive requests. There is an internal process involving several staff and their managers to check content before releasing information. Whilst there is an option to charge under the legislation, the Council currently do not generally charge for requested information. However, occasionally, the Council receives a request for information that requires a substantial amount of staff resources to respond to. In these rare instances, the applicant is advised before the work is undertaken, and options to refine the request are explored. Any charges that may be imposed align with the guidelines set by the Ministry of Justice and the Ombudsman's office.



Graph 1: Summary of the number of Official Request received – Feb 22 to Feb 23

- 4.5 To promote greater transparency in the operation of the LGOIMA, the Ombudsman publishes data regarding the LGOIMA complaints his office receives on a six-monthly basis. The data for July 2022 to December 2022 was published on 9 February 2023. The Ombudsman's report contained two complaints pertaining to the Waimakariri District Council, one regarding an incomplete or inadequate response, which was subsequently withdrawn, and another regarding a delay in decision-making. The Ombudsman accepted the Council's reason for not providing the information within the prescribed timeframe and has declined to investigate the matters.
- 4.6 The Governance Team is developing a 'Policy for the Pro-active Release of Information' to assist the Council in promoting transparency and accountability by making official information more accessible to the community. The policy will be drafted in line with the Ombudsman's 'Guidelines on Good Practices for Proactive Release' and will mainly focus on releasing requested information that may interest the broader public. However, releasing the requested information will still be subject to the provisions of LGOIMA and the Privacy Act, 2020. The Council will also have to consider any potential civil or criminal liability that might result from the release before publication.
- 4.7 This report serves as an accountability tool to show that the Council is meeting its statutory obligations; it also highlights the number of requests being received and what information is being sought, which may have a public interest element.

4.6 **Implications for Community Wellbeing**

There are no social and cultural implications on community wellbeing by the issues and options that are the subject matter of this report.

4.8 The Management Team has reviewed this report and supports the recommendations.

5. **COMMUNITY VIEWS**

5.1 **Mana whenua**

Taking into consideration the provisions of the Memorandum of Understanding between Te Ngāi Tūāhuriri Rūnanga and the Council, Te Ngāi Tūāhuriri hapū are not likely to be affected by or have an interest in the subject matter of this report.

5.2 **Groups and Organisations**

There are no other groups and organisations other than those who requested information likely to be affected by or interested in this report's subject matter.

5.3 **Wider Community**

This report's subject matter will not likely affect the wider community. However, some of the information requested may be of public interest.

6. **OTHER IMPLICATIONS AND RISK MANAGEMENT**

6.1 **Financial Implications**

Generally, the Council do not charge for LGOIMA requests. However, occasionally, if a request is received for a significant amount of information or requires substantial collation and research, or the Council receives a large number of requests from the same person in a short timeframe, which taken together require a large amount of staff resource to respond to, the Council may consider imposing a charge. Council's practice on charging for LGOIMA requests is in line with the guidelines set by the Ministry of Justice.

6.2 **Sustainability and Climate Change Impacts**

The recommendations in this report do not have sustainability or climate change impacts.

6.3 **Risk Management**

There are no risks arising from the adoption of the recommendations in this report.

6.3 **Health and Safety**

None.

7. **CONTEXT**

7.1 **Consistency with Policy**

These matters are not matters of significance in terms of the Council's Significance and Engagement Policy.

7.2 **Authorising Legislation**

- Local Government Official Information and Meetings Act 1987 (LGOIMA).
- Privacy Act, 2020

7.3 **Consistency with Community Outcomes**

People have wide-ranging opportunities for learning and being informed and our people are easily able to get the information they need.

There are wide ranging opportunities for people to contribute to the decision-making that affects our District.

7.4 Authorising Delegations

Decisions on the release of information is delegated to the Chief Executive under the LGOIMA and is sub-delegated to the Governance Manager.

LGOIMA REQUESTS RECEIVED FROM 1 NOVEMBER 2022 TO 28 FEBRUARY 2023.

DATE RECEIVED	REQUESTER	SUBJECT	DATE OF OFFICIAL RESPONSE	TIME FRAME OF RESPONSE (DAYS)	COMMENTS
4/11/2022	Private Individual	Building consent BC161592 - 21 Victoria Street Rangiora	25/11/2022	14	
9/11/2022	Private Individual	Personal information the held by the Council	30/11/2022	14	
10/11/2022	Private Individual	Alcohol Licensing of The Platform Restaurant and Café	6/12/2022	17	Partial transferred of the request to NZ Police and Medical Officer under section 12 of the LGOIMA
14/11/2022	Private Individual	New dwelling consent data	28/11/2022	10	
16/11/2022	Private Individual	Darwin Earthworks Limited current RMA applications waiting for consent CRC230332 resubmission of CRC230099	17/11/2022	1	Transferred request to ECan under section 12 of the LGOIMA
16/11/2022	Private Individual	Gambling Policy Review	19/12/2022	23	Due to the prevalence of Covid and other commitments, it took staff longer than anticipated to collate the information requested.
17/11/2022	Researcher	Civil Defence Emergency Management Department	18/11/2022	-	WITHDRAWN
25/11/2022	Private Individual	Ready-mix damage to South Eyre Road	20/01/2023	25	Due to the prevalence of Covid and other commitments, it took staff longer than anticipated to collate the information requested.
29/11/2022	Private Individual	Closure of Waikuku Beach camp	21/12/2022	16	

DATE RECEIVED	REQUESTER	SUBJECT	DATE OF OFFICIAL RESPONSE	TIME FRAME OF RESPONSE (DAYS)	COMMENTS
29/11/2022	Researcher	Any estimates on the value of three waters debt and assets as of 30th June 2022	21/12/2022	16	
30/11/2022	Media	Demographics of Mayor and Councillors	2/12/2022	2	
1/12/2022	Private Individual	Barwells Road, Loburn.	2/12/2022	1	
1/12/2022	Private Individual	All documents relating to the establishment of the Kaiapoi Food Forest.	21/12/2022	14	
2/12/2022	Private Individual	All correspondence from local Rūnanga to the Council in the last 12 months relating to Three Waters.	17/01/2023	16	
19/12/2022	Private Individual	Grant funding.	24/01/2023	11	
20/12/2022	Private Individual	Information on backflow.	27/01/2023	13	
9/01/2023	Private Individual	Amount paid annually (or otherwise) by Canterbury Rodeo Associations to lease land at MSG.	24/01/2023	10	
11/01/2023	Researcher	Liquor licence applications considered in 2022	25/01/2023	11	
12/01/2023	Private Individual	RC214073, RC214074, RC214075. RC214076, RC214077, RC215276 by Woodstock Holdings LTD	9/02/2023	20	
16/01/2023	Private Individual	All correspondence related to Rockgas, 61 Williams Street Kaiapoi and all previous company names for the above premises.	27/01/2023	9	
17/01/2023	Private Individual	All available information regarding the rodeos held at the Canterbury Rodeo grounds.	24/01/2023	5	
19/01/2023	Researcher	Odour effects associated with the Rangiora WWTP	15/02/2023	18	

DATE RECEIVED	REQUESTER	SUBJECT	DATE OF OFFICIAL RESPONSE	TIME FRAME OF RESPONSE (DAYS)	COMMENTS
23/01/2023	Private Individual	Public recording in the Library	27/01/2023	5	
23/01/2023	Private Individual	Chlorine levels in Dudley Pool	27/01/2023	4	
24/01/2023	Researcher	Installation/retrofitting of LED streetlighting in the district	22/02/2023	20	
26/01/2023	FENZ	Contact details for the owner of 5 Inaka Lane	21/02/2023	17	
30/01/2023	Private Individual	Storm water system in the Rangiora area	24/02/2023	18	
31/01/2023	Researcher	Waimakariri's Citizenship Ceremony process	1/03/2023	20	
31/01/2023	Researcher	Average rates for the 2021/22 Financial year Staffing levels and Audit and Risk Info for Taxpayers National Report	1/03/2023	19	
9/02/2023	Private Individual	Concern about the number of planes coming from Rangiora Airfield			Still being processed
9/02/2023	Private Individual	Applications, proposals or notices of requirement for heritage orders	20/02/2023	7	
15/02/2023	Researcher	CCTV cameras owned OR operated by the Waimakariri District Council			Still being processed
16/02/2023	Private Individual	Recording in the Rangiora Library, staff training, and complaints against Waimakariri Library staff	17/02/2023		
20/02/2023	Private Individual	Kerbside Collection	17/02/2023		
23/02/2023	Private Individual	Details of consent No RC225205	24/02/2023		WITHDRAWN