

**MINUTES OF THE FINANCE AUDIT AND RISK COMMITTEE MEETING HELD AT
1.00PM ON TUESDAY 30 AUGUST 2022 AT TOTARA, COUNCIL CHAMBERS, 96
WEST END, KAIKOURA**

PRESENT: Councillor N Pablecheque (Chair), Mayor C Mackle, D Brandish
(Independent Member)

IN ATTENDANCE: W Doughty (Chief Executive Officer), M Dickson (Senior Manager
Corporate Services), S Poulsen (Finance Manager), Councillor V
Gulleford, B Makin (Executive Officer)

1. KARAKIA

2. APOLOGIES

Apologies were received from Deputy Mayor J Howden
Alternate Chair: Councillor N Pablecheque

Moved: Mayor C Mackle
Seconded: D Brandish

CARRIED UNANIMOUSLY

3. DECLARATIONS OF INTEREST: Nil

4. CONFIRMATION OF MINUTES

RESOLUTION

THAT the Committee:

a) *Confirms as a true and correct record, the circulated minutes of a meeting of the Committee held on 26 April 2022.*

Moved: Cr N Pablecheque
Seconded: Mayor C Mackle

CARRIED UNANIMOUSLY

5. MATTERS ARISING AND ACTIONS

The Matters Arising and Action list was noted by the Committee.

6. MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS Nil

7. INTERIM FINANCE REPORT TO 30 JUNE 2022

S Poulsen highlighted that this was an interim report as a range of year-end adjustments are still being worked through. Major items still to come include for asset revaluations (particularly in light of cost and inflation increases – such as roading and buildings) and the Marlborough Regional

Forestry results. Staff noted the discrepancy between the capex report and the carry forwards due to adjustments identified, particularly for projects in progress at 30 June.

Council staff are working with Waka Kotahi to extend the sunset clause and increase the project estimate for the Waiau Toa/Clarence Valley access project, an update has been provided in the Works & Services Committee Agenda for 31 August 2022.

The Variance Report and narratives were noted on pages 10 and 11 of the Agenda. D Brandish noted that rates as a percentage of revenue were similar to Christchurch City Council.

A discussion was held on personnel expenses being down on budget due to a range of reasons including long periods of open vacancies in the planning and building team. Other councils are experiencing the same shortages as it is a nationwide issue.

Council staff have applied depreciation estimates for the next annual plan but the accuracy of these would only be known when 30 June valuations are finalised. They noted that grants revenue would in future split out capital and operating revenue for ease of understanding.

RESOLUTION

That the Committee recommends that the Council receives the Interim Finance Report to 30 June 2022.

Moved: D Brandish

Seconded: Mayor C Mackle

CARRIED UNANIMOUSLY

8. QUARTERLY REPORTS TO 30 JUNE 2022

The summaries of the quarterly reports were highlighted on pages 23 and 24 of the Agenda.

There was discussion regarding producing a more short-term format for some of the reports in future which the Committee supported. A discussion was held on revising the depreciation vs capex report as the historical information is of limited value following the earthquake rebuild and LTP investment decisions for roading in particular. It was agreed that the team would endeavour to produce a form of 30-year view going forward. The Committee acknowledged that it might take more than one attempted drafts to achieve this

D Brandish left the meeting at 1.38pm and rejoined at 1.39pm.

RESOLUTION

THAT the Committee receives the cover report and the listed attachments.

Moved: D Brandish

Seconded: Cr N Pablecheque

CARRIED UNANIMOUSLY

9. CAPITAL CARRY-OVERS FROM 2021/2022 TO 2022/2023

It was noted that this is also included in the Council Agenda and any endorsement by the Committee will be noted.

The IAF project team will need to identify how much would be spent this financial year. Council staff noted it would likely be less than \$1m of capital, and not \$11m.

RESOLUTION

THAT the Committee:

- a) Receives this report; and*
- b) Approves the adjusted capital carry-overs from the 2022 financial year to the 2023 year*
- c) Approves the other adjustments to the capital budgets as identified subsequent to the Annual Plan (noting the 2022/2023 budget for the IAF funded projects will be advised later).*

Moved: Mayor C Mackle

Seconded: Cr N Pablecheque

CARRIED UNANIMOUSLY

10. RISK MANAGEMENT REPORT

The Risk Management Report and Risk Register as at August 2022 was presented and discussed.

The cover report set out the key items and changes since the last report, including:

- More detail from the high risks of the combined Three Waters, RMA and Local Government Reforms on Council
- A new high risk relating to the recent rapid cost escalation and inflation on capital projects and operational costs was added. At this point it is not expected to increase rates but it is definitely a risk factor being monitored
- Other risks scores were altered including an increase in the risk related to depth of staffing with the difficulties being encountered with retention and recruitment.

The Committee discussed possible inclusion of District Licensing Committee hearings risks on the register, in relation to resourcing and budget. This will be considered for the next report.

RESOLUTION

THAT the Committee:

- a) Receives this report*
- b) Notes the contents of the Risk Management Report (including Risk Register)*
- c) Provides any feedback for staff consideration.*

Moved: Mayor C Mackle

Seconded: D Brandish

CARRIED UNANIMOUSLY

11. RESERVES AND SPECIAL FUNDS AS AT 30 JUNE 2022

An update on Reserves and Special Funds was provided to the Committee showing the position at 30 June 2022.

Council staff noted that there will be some adjustments as final annual accounts are produced and if the Three Waters Reform proceeds then it is likely the Council will have to pay over to a new water entity the balance of its three waters reserves (this will have the indirect effect of increasing borrowing, as well as reducing our cash position on 1 July 2024).

The table on page 62 of the Agenda provides the interim balances.

A query was raised on the landfill site after care, in particular how long it will take, how it will be managed and what is the cost. The Chief Executive would follow up on the rehabilitation plan.

The George Low Trust has an inflow of \$9,000 from rates. The fund will likely be spent on a 1-off project such as revamping Gooches Beach with a plaque for the Trust.

RESOLUTION

THAT the Committee receives this report.

Moved: Mayor C Mackle
Seconded: Cr N Pablecheque

CARRIED UNANIMOUSLY

12. PUBLIC EXCLUDED SESSION

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely

- a) Rates and Sundry Debtors Report
- b) Insurance Terms Information
- c) Marlborough Regional Forestry Delegation

The general subject 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) and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
Rates and Sundry Debtors Report	The report includes information relating to individuals and businesses and is also subject to ongoing negotiations	Section (7)(2)(a) protect the privacy of natural persons, including that of deceased natural persons. Section (7)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Insurance Terms Information	Contains commercially sensitive information regarding insurance terms gained through competitive commercial processes	Section (7)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
Marlborough Regional Forestry Delegation	Contains commercial information regarding the Marlborough Regional Forestry investment activities	Section (7)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Moved: Mayor C Mackle

Seconded: Cr D Brandish

CARRIED UNANIMOUSLY

The meeting moved into Public Excluded at 2.09pm.

13. RE-OPENING OF MEETING

The meeting moved out of Public Excluded at 3.07pm.

14. CLOSE MEETING

There being no further business, the meeting was declared closed at 3.07pm.

CONFIRMED _____ Chairperson

_____ Date

**FINANCE AUDIT AND RISK
ACTION LIST AS AT 15 SEPTEMBER 2022**

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
1	Resource Consents - Cost Comparison vs employee costs (and savings)	M Dickson	30 Aug 22	Still work in progress due to other priorities
2	Depreciation – 30 year view	M Dickson S Poulsen D Brandish	29 Nov 22	Produce a form of 30-year view going forward
3	Consider District Licensing Committee hearings risks on the risk register, in relation to resourcing and budget	M Dickson	29 Nov 22	
4	Land fill rehabilitation plan	W Doughty	29 Nov 22	CE to follow up with the team

UNCONFIRMED MINUTE