

**MINUTES OF THE FINANCE AUDIT AND RISK COMMITTEE MEETING HELD AT
1.00PM ON TUESDAY 26 APRIL 2022 AT TOTARA, COUNCIL CHAMBERS, 96 WEST
END, KAIKOURA**

PRESENT: Deputy Mayor J Howden (Chair), Councillor N Pablecheque, Mayor C Mackle, D Brandish (Independent Member - by MS Teams)

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:** Nil
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 22 February 2022.*

Moved: Mayor C Mackle
Seconded: Councillor N Pablecheque

CARRIED UNANIMOUSLY

5. MATTERS ARISING AND ACTIONS

The Matters Arising and Action list was reviewed by the Committee. The following updates were noted:

- Resource Consents Costs Comparison – Council staff advised that this piece of work can be advanced over the next quarter. It will be a high-level comparison as each file is different – will look to identify some simplistic comparisons.

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

7. FINANCE REPORT TO 31 MARCH 2022

The Finance Report was presented by S Poulsen.

Unspent parts of the budget for three large capital projects will be carried over to the next financial year. These are the Waiiau Toa Bridge, Link Pathway and Wakatu Quay, they make up 50% of the overall program budget for 2021/22.

There are still some large Māori freehold land rate arrears to be written off (as per new legislation). These are those which are not straightforward to assess.

Water meter charges are more than budgeted by \$26k. S Poulsen explained that forecasts had anticipated lower water consumption in accommodation and businesses because of Covid-19. However, the water consumption from dairy farms had been higher than budgeted.

The variance of \$2.674m of revenue including revenue received in advance and also additional grants were highlighted, noting that the additional grants were not included in the budget:

- \$1.267m relating to Wakatu Quay (\$63k is for South Bay)
- \$500k relating to the Mayors Taskforce for Jobs
- \$70k relating to the Library Partnership Programme
- \$30k relating to Arts Strategy; and
- \$22k relating to Tourism Infrastructure Funding.

It was noted there is a portion of Tourism Infrastructure Funding remaining unclaimed from the 2020/2021 freedom camping season as not all expenses were incurred. Council staff are looking into the remaining amount. There is no indication, as yet, that funding will be available for local authorities to implement the new legislation from Central Government regarding self-contained vehicles.

The Annual Report is still pending with Audit New Zealand following delays due to Covid-19. They have advised that there will be a qualification for revaluations as in their view the Council has exceeded the materiality threshold. The values have changed significantly with inflation costs since the roading and three waters valuations were undertaken at 1 July 2020. (Council staff will be revaluing all asset classes (including land and buildings which were scheduled for this year anyway) for the upcoming year end).

RESOLUTION

That the Committee recommends that the Council receives the Finance Report to 31 March 2022.

Moved: Deputy Mayor J Howden

Seconded: D Brandish

CARRIED UNANIMOUSLY

8. QUARTERLY REPORTS TO 31 DECEMBER 2021

The summaries of the quarterly reports were highlighted on pages 22 and 23 of the Agenda.

Liability Management Policy Compliance Report

Council staff are working towards bringing the fixed rate hedging bands to full compliance over time.

\$3.3m was refinanced in April 2022, the fixed rates were locked in January 2022 before they increased. This has led to interest rate savings compared to current rates.

Investment report

The value and mix of Council's investments were discussed on pages 30 and 31 of the Agenda. It was noted that 'leased property' includes Wakatu Quay and the airport terminal and hangers. The Marlborough Regional Forestry Joint Venture is performing better than forecast – likely a timing issue.

A discussion was held on Council assets vs investments. Council staff will consider separating out assets held by the Council onto another report. This is to capture assets which do not necessarily generate a return, such as the Opshop or the Council building.

Depreciation vs Capex Expenditure Report

Council staff will look to create a more forward-looking report as previously discussed. The Committee discussed that introducing rating for depreciation would be over a transitional period, for example 10 years. D Brandish and M Dickson would discuss in further detail.

Airport Report & Harbour Report

Airport landing fees are down across New Zealand due to Covid-19 and harbour revenue is slightly down on budget.

Rates & Sundry Debtors Report

It was noted that the large debtor requires wider discussions on options going forward. D Brandish and W Doughty would discuss further.

The general debtors include Waka Kotahi for the public toilet works on State Highway 1. Council staff are not expecting any debt collection issues with them.

RESOLUTION

That the Committee recommends that Council receives the cover report and the listed attachments outlined in section 3 Summary of the cover report.

Moved: Deputy Mayor J Howden

Seconded: Cr N Pablecheque

CARRIED UNANIMOUSLY

9. ANNUAL PLAN UPDATE

A workshop has been scheduled on 11th May. KDC Communications will start advertising the Annual Plan mid-May.

RESOLUTION

That the Council receives this report for information.

Moved: Deputy Mayor J Howden

Seconded: Mayor C Mackle

CARRIED UNANIMOUSLY

10. CLOSE MEETING

There being no further business, the meeting was declared closed at 2.12pm.

CONFIRMED _____Chairperson

_____Date

**FINANCE AUDIT AND RISK
ACTION LIST AS AT 05 MAY 2022**

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
1	Resource Consents - Cost Comparison vs employee costs (and savings)	M Dickson	30 Aug 22	Council staff to provide a worked example of a resource consent being processed internally vs externally for next FARC meeting.
2	Provide a report on insurance cover before the next renewals outlining any exposure risk from existing or proposed policies.	S Poulsen	30 Aug 22	Next major renewals are November – paper to be provided in August
3	Depreciation – provide forward looking report	M Dickson S Poulsen D Brandish	30 Aug 22	
4	Will Doughty and Diane Brandish to discuss debtors	W Doughty D Brandish	30 Aug 222	

CLOSED ITEMS

	ACTION ITEM	ASSIGNED TO	DUE	STATUS
	Report - recovery of aged debt and the actions the Finance Team are intending to take	M Dickson / S Poulsen	26 Apr 22	Substantially completed and verbal update provided at April meeting
	Report - on sundry debtors and the action that has been taken.	M Dickson / S Poulsen	26 Apr 22	Analysis provided in Debtors report, verbal update provided at April meeting