

REPORT TO COUNCIL FROM THE CHAIR OF THE FINANCE AUDIT & RISK COMMITTEE 23 APRIL 2024

Re Committee Meeting Held Tuesday 23 April 2024

See Finance, Audit & Risk Committee Agenda below

1. RECOMMENDATION TO COUNCIL

That the Committee have received the reports and recommend that the Council approves the reports.

2. OVERVIEW OF REPORTS

Transfer Station and Landfill Closure Construction Costs

This paper is the outcome of an action from the March 2024 Council meeting.

Of note, the transfer station construction will be substantially over what was originally estimated, however the landfill closure is anticipated to be substantially under. The report includes details of the total expenditure to date and estimates for closing the remaining previous landfill area on pages 11-13 of today's agenda.

There is a risk the cost could be higher depending on ECan's response to the Landfill Closure Plan. They are currently indicating a need to create an impervious layer under the green waste collection area and discharge any wastewater into the sewer system. If they persist with this requirement, the works for this could cost anywhere from \$ 200-400k. Council officers will continue to work through with ECan staff.

Finance Report to 31 March 2024

The report provides an update on the financial position of Council as at 31 March 2024. Of note, the year-to-date financial reports have been reconfigured to split out grants & subsidies from total operating revenue, indirect operating expenses and direct operating expenses have been split into 15 categories.

There was discussion around the Better off Funding and an info paper will come to the Council in May.

Quarterly Reports to 31 March 2024

The regular reports were presented to the Committee. Of note, PWC are seeing interest rates starting to reduce for loans. The current weighted average of our loan interest rates is 3.94%, with rates ranging from 3.29% to 5.83% are

The harbour safety fee from KDC to ECan for harbour safety/harbour master is increasing from 1 July 2024 from \$6k to \$12k and this has been reflected in the Council's increase to cruise ships. Harbour revenue from the Cruise ships for the Summer 23/24 was over \$24k compared to prior year of \$15k.

There is a risk that rate debtor numbers will increase as an effect of the rates rises, particularly with lower income earning households. Rates rebates are given by the DIA to assist to those

eligible (around \$700 a year). Council staff continue to encourage regular direct debits with current debtors.

Reserves and Special Funds as at 31 December 2023

It was recommended that KDC pay a mid-range rate on internal borrowing to themselves. Council staff would seek advice from PWC to understand the pros and cons before making a recommendation to Council in May/June.

Risk Management Report

Of note, the risk register was fully reviewed in February. Any changes/ updates to those risks have been included on the risk register in today's Agenda. The report details those changes.

Highlights are that the Council is deemed low risk by IANZ for two years in terms of accreditation and we have recruited a BCM starting 1st July 2024.

The Chief Executive provided an update on Local Water Done Well. Councils are waiting on new legislation to be introduced in Q3/Q4 2024 and will be given a 12-month period to submit a water plan to the Government for approval. This can be based on any delivery arrangements but needs to demonstrate financial sustainability for water services going forward.

Insurance Verbal Update

A verbal update was provided at the meeting on the three major renewal portfolios on Public Liability, LAPP and Material Damage. Insurance premiums have increase to \$725k this financial year. Council staff suggested that the Council undertakes an insurance review and creates a strategy. Material Damage was previously reviewed by the Committee and outcomes from that was to reduce excesses, remove some harbour assets and Wakatu Quay from the schedule - However this gave little savings. It was agreed that the Council staff undertake a strategic review of insurance.

Of note, LAPP have now signalled an 80% increase in their asset premiums to be phased in over two years. Year 1 is approximately \$81k. The LTP included an estimate of 5% increases to premiums for asset values. Any difference will need to be considered as part of the overall changes to the draft LTP.

FINANCE AUDIT AND RISK COMMITTEE MEETING

Date:	Tuesday 23 April 2024
Time	1.00pm
Location	Totara, Council Chambers

AGENDA

1. Opening with a Karakia
2. Apologies
3. Declarations of Interest
4. Confirmation of Minutes dated 24 October 2023
5. Review of Action List
6. Matters of Importance to be raised as Urgent Business
7. Transfer Station and Landfill Closure Construction Costs
8. Finance Report to 31 March 2024
9. Quarterly Reports to 31 March 2024
 - 9.1 Liability Management Policy Compliance Report
 - 9.2 Investment Report
 - 9.3 Airport Report
 - 9.4 Harbour Report
 - 9.5 Debtors Report
10. Reserves and Special Funds as at 31 December 2023
11. Risk Management Report
 - 11.1 Risk Register
12. Insurance verbal update
13. Public Excluded Session

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

 - a) Public Excluded Minutes dated 24 October 2023
 - b) Harbour Financial Matters – verbal update

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), 6 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
Public Excluded Minutes dated 24 October 2023	Includes commercially sensitive information on harbour financial matters, insurance premiums and personal information.	Section (7)(2)(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)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) Section 7(2)(a) protect the privacy of natural persons, including that of deceased natural persons
Harbour Financial Matters – Verbal Update	Verbal update on subject previously brought to Council around negotiations which are commercially sensitive.	Section (7)(2)(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)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

*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 the relevant part of the proceedings of the meeting in public are as follows:

We do not want to reveal the details of those negotiations. Information will be made publicly available in due course.

14. Close meeting with a Karakia