

**MINUTES OF THE FINANCE AUDIT AND RISK COMMITTEE MEETING HELD AT  
1.00PM ON TUESDAY 27 AUGUST 2024 AT TOTARA, COUNCIL CHAMBERS,  
96 WEST END, KAIKOURA**

**PRESENT:** Deputy Mayor J Howden (Chair), Mayor C Mackle, Councillor V Gulleford (by MS Teams), Councillor J Diver, D Brandish (Independent Member).

**IN ATTENDANCE:** W Doughty (Chief Executive Officer), P Kearney (Senior Manager Corporate Services), S Poulsen (Finance Manager), C Kaa (Management Accountant), B Makin (Executive Officer - minutes).

**1. OPENING WITH A KARAKIA**

**2. APOLOGIES Nil**

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**3. DECLARATIONS OF INTEREST Nil**

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**4. CONFIRMATION OF MINUTES**

**RESOLUTION**

*THAT the Committee:*

- a) *Confirms as a true and correct record, the circulated minutes of the Committee held on 23 April 2024*

Moved: Councillor J Diver

Seconded: D Brandish

**CARRIED UNANIMOUSLY**

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**5. REVIEW OF ACTION LIST**

The comments in the action list were noted. The airport loan amounts and terms were confirmed as:

Terminal loan	\$152k	4 years left
Hangar loan	\$20k	6 years left
Facilities loan	\$106k	15 years left
Safety work	\$28k	16 years left
<b>Total loans</b>	<b>\$306k</b>	

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

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**7. END OF YEAR FINANCE REPORT TO 30 JUNE 2024**

The report provides an update on the financial position of the Council as at 30 June 2024. Council staff highlighted that the report reflects the interim result as a range of year-end adjustments are still being worked through. Audit NZ are expected to start the audit mid-September 2024.

A positive story was highlighted where the roading items (including unsealed road maintenance) was down \$70k on budget due to savings using our own metalling materials.

The Rates Officer has refined the internal processes between building and planning to ensure QV receive building consents and code of compliances. The team are working through visitor accommodation providers and updating the rates database with the correct sector charge. The Rates Officer was acknowledged by the Finance Manager for her work in getting the rates database up to date. It was clarified that subdivisions go to LINZ first and then to QV.

The Link Pathway is showing as an overrun for the year against planned budget in the report, but overall the project remains under budget.

Other items of note were:

- IWK will be invoiced from 1<sup>st</sup> July 2024 for their contribution towards the transfer station.
- Personnel costs are lower than forecast due to roles not being filled and the building control function being contracted out while a replacement Manager was being recruited.
- Council staff are working on a process to capitalise staff time on projects for this financial year.

## RESOLUTION

*THAT the Committee receives this report for information.*

Moved: Deputy Mayor J Howden

Seconded: Mayor C Mackle

**CARRIED UNANIMOUSLY**

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## 8. QUARTERLY REPORTS TO 30 JUNE 2024

Interim reports and note could be some changes to the figures.

### Liability Management Policy Compliance Report

Of note, \$2m was borrowed in July as recommended by PWC to refinance the debt due in April 2025 and take advantage of interest rates. This would bring the council up to compliance in terms of the policy levels. S Poulsen explained the definitions of liquidity and working capital.

A query was raised on the percentage of the interest rates where the floating portion had been excluded in the report but was included in the March report. Council staff clarified that the interest rate total should be fixed debt only hence the exclusion of the floating portion in this report. The Finance team have asked PWC to provide a clearer table and will circulate this once received (**ACTION**).

### Investment Quarterly Report

The interim council investment total was noted as \$9,859,417, which is subject to change with asset valuations.

### Airport Report

Airport landing numbers are not up to pre-covid levels. The airport is 17% general rate funded and moving closer to KDC's target of being fully user pays.

A discussion was held around the new airport system and if a comparison was available with the old system in terms of landings. The Finance team are working through the backlog of landings not captured by the old system and should have figures at the month end.

### Harbour Report

It was noted that the special operator rate has been introduced with Whale Watch and Dolphin Encounter. The main costs relating to the harbour is insurance and depreciation, followed by maintenance, harbour master costs, financing costs and overheads. The operating costs for the harbour will continue to show a loss until the lease fee is settled.

### Debtors Report

Good progress was being made with overdue debtors and encouraging frequent direct debits. Debt Management Central actively manages debtors and the number of debtors has significantly reduced over the last two years.

It was noted that large invoices were sent in March 2024, therefore the sundry debtors are higher this quarter.

It was clarified that building consents need to be paid before the building work starts.

### Special Funds and Reserves Report

The quarterly report for special funds and reserves was also included. Council staff are looking into what can be funded through the waste minimisation levy. Discussions are underway with IWK and MFE have been asked for the criteria.

### **RESOLUTION**

*That the cover report and listed attachments be received for information.*

Moved: Mayor C Mackle  
Seconded: Councillor J Diver

**CARRIED UNANIMOUSLY**

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## **9. RISK MANAGEMENT REPORT**

The Risk Management Report and Risk Register as of August 2024 was presented and discussed. The Chief Executive highlighted that the council is in a strong position compared to other Councils around the country with the three waters joint project and have a good working relationship with the DIA.

The staff engagement results trend was discussed where the overall drop of satisfaction from 80% was down to 65%. The survey was undertaken in January 2024. The follow-up actions undertaken by the Chief Executive and Management team were discussed in depth at the CEO performance review committee. An internal staff working group was set up to analyse the feedback and provide actions to be put in place. In parallel, an internal strategy that has been developed and rolled out based around four core pillars.

### **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: Councillor V Gulleford  
Seconded: D Brandish

**CARRIED UNANIMOUSLY**

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## 10. 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 23 April 2024
- 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 23 April 2024	Includes commercially sensitive information on harbour financial matters.	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)
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.

Moved: Deputy Mayor J Howden  
Seconded: Mayor C Mackle

**CARRIED UNANIMOUSLY**

The meeting moved into the Public Excluded session at 2.10pm.

**11. RE-OPENING OF MEETING**

The meeting moved out of Public Excluded at 2.40pm.

**12. CLOSE MEETING**

There being no further business, the meeting was declared closed at 2.40pm.

CONFIRMED

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Chairperson

Date

Unconfirmed Minutes

**FINANCE AUDIT AND RISK  
ACTION LIST AS AT 28 AUGUST 2024**

**OPEN ITEMS**

	<b>ACTION ITEM</b>	<b>ASSIGNED TO</b>	<b>DUE</b>	<b>STATUS</b>
1	Reserves: Seek advice from PWC on mid-range rate on internal borrowing	P Kearney/ S Poulsen	Ongoing	To understand pros and cons before recommending to Council
2	Provide a graph showing the reserves on one page	S Poulsen	Ongoing	
3	Liability Management Policy Compliance Report The Finance team have asked PWC to provide a clearer table and will circulate this once received ( <b>ACTION</b> ).	S Poulsen	Waiting on PWC	

**CLOSED ACTIONS**

	<b>ACTION ITEM</b>	<b>ASSIGNED TO</b>	<b>DUE</b>	<b>STATUS</b>
	Provide further explanations on the variances under 'Other Expenses'	P Kearney/ S Poulsen	27 August	Included in narratives.
	Provide an update on the outstanding balance of the airport terminal hanger loan and length of loan, if any	S Poulsen	27 August	Update to be provided at the meeting.
	Undertake a strategic review of insurance	P Kearney/ S Poulsen	27 August	Workshop scheduled for after the meeting.