WAIMAKARIRI DISTRICT COUNCIL

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN THE COUNCIL CHAMBERS, 215 HIGH STREET, RANGIORA, ON TUESDAY 17 MAY 2016 AT 4:00PM

PRESENT

Councillor J Gerard (Chairperson), Councillors P Farrant and K Barnett.

IN ATTENDANCE

Councillor P Allen
Messrs J Millward (Manager Finance and Business Support), P Christensen (Finance Manager), S. Hart (Business and Centres Manager), Ms V Spittal (Policy Analyst), Ms M Edgar (Policy Analyst), Mrs A Smith (Committee Advisor).

Jeff Millward opened the meeting.

APPOINTMENT OF CHAIRPERSON FOR THIS MEETING

In the absence of the Committee Chairperson Councillor N Atkinson, nominations were called for a Chairperson for this meeting of the Audit Committee.

Moved Councillor Barnett seconded Councillor Farrant

THAT the Audit Committee

(a) Appoint Councillor Gerard as Chairperson of the committee for the duration of this meeting.

CARRIED

Councillor Gerard assumed the Chair at this time.

2. APOLOGIES

Apologies were received and sustained from Mayor D Ayers, Deputy Mayor K Felstead and Councillor N Atkinson. Councillor Barnett noted she would need to depart the meeting at 5.45pm.

3. CONFLICTS OF INTEREST

There were no conflicts of interest noted.

4. CONFIRMATION OF MINUTES

4.1 Minutes of a meeting of the Audit Committee held on Tuesday 15 March 2016

Moved Councillor Farrant seconded Councillor Barnett

THAT the Audit Committee

(a) Confirms as a true and correct record, the minutes of a meeting of the Audit Committee held on 15 March 2016.

CARRIED
5. MATTERS ARISING

There were no matters arising.

6. PRESENTATION/DEPUTATION

There were no presentations/deputations.

7. REPORTS

7.1 Council Credit Rating Review – Jeff Millward (Manager Finance and Business Support)

Mr Millward presented this report, which formally acknowledges the retaining of the AA long term foreign currency and local currency and A-1+ short term issuer credit ratings affirmed of the Council. It is noted that by retaining this rating there is significant savings for the Council on loan funding through the Local Government Funding Agency, for both new debt and refinancing of existing debt.

Moved Councillor Farrant seconded Councillor Barnett

THAT the Audit Committee:

(a) Receives report no. 160505040808.

(b) Notes that Standard & Poor’s Ratings Services affirmed the Council with a ‘AA’ long-term foreign currency and local currency and ‘A-1+’ short-term issuer credit rating on the 29 April 2016.

CARRIED


Mr Millward presented this report and the Local Government New Zealand (LGNZ) report on the financial health of the Local Government sector. The Report compliments the Council on its infrastructure strategy as being strong, in its connection with the Council’s financial approach and financial strategy. Mr Millward noted that the Council’s 2015-2025 Long Term Plan has also been mentioned at forums as being a stand out from the Canterbury region.

Moved Councillor Gerard seconded Councillor Barnett

THAT the Audit Committee:

(a) Receives report No 160404029231.

(b) Notes the findings of the report that local government’s finances are in good shape and debt levels are modest. Credit ratings continue to be strong. Councils have shown themselves to be strong and conservative financial managers;
(c) **Notes** the report has made specific mention of the Waimakariri District Council's Infrastructure Strategy.

CARRIED

7.3 **Non-Financial Performance Measures as at 31 March 2016 – Maria Edgar (Policy Analyst)**

Ms Edgar presented this report to update on progress with the non-financial performance measures for the third quarter of the 2015/16 financial year. There were changes noted from that information provided in the agenda document and these adjustments resulted in the percentage of measures that are achieved or on track to now be 95%. The recommendation (b) is adjusted accordingly.

If a measure is falling behind, it was asked what action is taken to rectify this (for example footpath maintenance programme). Mr Millward noted that this report goes before the management team prior to coming to this committee and matters are considered then that require correction.

Councillor Gerard noted a significant number of items in the 3 Waters area that are well behind, particular service requests. Mr Millward said that the work flows and how information has been collected is to be improved and noted that in some cases, services requests having actually been rectified before the request is recorded.

Councillor Allen questioned the timing of receipt of noise complaints and how these are actioned. Mr Simon Markham provided information on how requests are logged into the current service request system, especially following weekends.

Mr Millward said the current service request system allows for “respond” and “resolve” functions and sometimes if there is maintenance required (for instance, in pensioner units), this can involve being logged into a ten day maintenance programme.

Mr Kalley Simpson, responded to questions from Councillor Farrant, with regard to water supply levels of service. Updated figures were supplied to the committee for the water supply and sewerage/sewage treatment and disposal pages of the non-financial performance measure report.

Moved Councillor Farrant  seconded Councillor Barnett

**THAT** the Audit Committee:

(a) **Receives** report No. 160502039259 Non-Financial Performance Measures as at 31 March 2016.

(b) **Notes** 95 per cent of measures have been achieved or are on track.

CARRIED

Councillor Barnett noted that it would be helpful to have information supplied on any measures that aren’t being met and what actions are being taken to remediate these.

7.4 **Section 17A Service Reviews – Veronica Spittal (Policy Analyst)**
Ms Spittal presented this report and the completed S17A Service Review reports on the cost effectiveness of delivery arrangements for certain Council services. There have been eight “light” reviews carried out and a full review was undertaken for Solid Waste Delivery of Refuse and Recyclables – Transfer Service and Kerbside Collection Services.

Mr Simon Collins spoke on the Waste Transfer Station and Kerbside Contract services review. Governance options for the provision of the services were considered in the report, but neither options provided any substantial benefit to the council. Options for the delivery of the service were also considered, including withdrawal of the service. The contracts for the waste transfer station and for the collection services expire in 2018, with this current review a requirement to be carried out two years before expiry. The contracts are for eight years, which will mean the next review will need to be carried out in 2024. Ms Spittal noted this change from what was noted in the review.

Moved Councillor Farrant seconded Councillor Barnett

THAT the Audit Committee

(a) Receives Report Trim No: 160429038540.

(b) Approves the attached S17A Service Reviews for community safety, community development (including youth development), aquatic facilities, libraries, Council and Boards administrative support, district strategy, plans and corporate policy development, utilities and green space asset management planning, and the delivery of refuse and recyclables – transfer services and kerbside collection services.

(c) Agrees no further S17A Service Review is required for up to six years for community safety, community development and youth development, aquatic facilities, libraries, Council and Boards administrative support, district strategy, plans and corporate policy development, utilities asset management planning and green space asset management planning.

(d) Endorses the recommendations for consideration by the Utilities and Roading Committee of the full review of the delivery of refuse and recyclables – transfer services and kerbside collection services as follows:

(i) That funding and governance arrangements for these waste services remains unchanged from the status quo, and that the Council’s waste transfer station and kerbside collection services be delivered by Council going to the market with the following packages of work:

- Package 1 - refuse and recycling collection only;
- Package 2 - Transfer Station Services including:
  i. Both Southbrook and Oxford Transfer Stations operation – handing all materials delivered to both sites, including compaction of residual waste into Transwaste Containers;
  ii. Transport and disposal of all recyclables;
  iii. Transport only of cleanfill;
  iv. Transport, processing, and disposal of greenwaste;
  v. Transport and appropriate disposal of hazardous and electronic waste;
  vi. Transport and disposal of tyres.
- Package 3 – combination of package 1 and 2.
7.5 Financial Report for the period ended 31 March 2016 – Paul Christensen (Finance Manager)

Mr Christensen presented this report with the financial result for the period ended 31 March 2016. Variations to the budget figures were highlighted, including earthquake recoveries. To date there has been a total of $7.5 million received, against a budget of $8.3 million. Changes to the timing of the recovery programme has lowered this subsidy revenue for the period.

Operating expenditure is over budget for the period by $0.5 million, with the largest variances from budget being $819,000 in District Development, due to costs incurred in the Residential Red Zone Recovery Plan (partly offset by reimbursement from the government of 60% of external costs incurred); extra maintenance as a result of turbidity issues with the well at Mandeville, plus interest costs over budget due to some capital spending being ahead of projections, have put water $623,000 over budget.

Development contributions - there was one large payment received in April of over $1m, but there is not likely to be any further substantial payments in this financial year.

Moved Councillor Gerard seconded Councillor Farrant

THAT the Audit Committee

(a) Receives report no. 160502038905

CARRIED

7.6 Capital Projects Report for the period ended 31 March 2016 – Paul Christensen (Finance Manager)

Mr Christensen presented this report with the capital expenditure to the end of March 2016. It is expected that by the end of the financial year, 318 projects will be completed or on time (equates to 67%).

Mr Cleary provided some background information on the issue with over estimating with capital expenditure in the Utilities and Roading areas. Developments have slowed down considerably; there is a report coming to the Council Annual Plan meeting tomorrow (18 May) which will show a more refined approach. Mr Cleary explained that the second issue impacting on capital projects has been the earthquake recovery and future use of the red zone land. The approach taken by staff is that the Council will not be in a position to build anything in the coming financial year. The third issue is staff have not been realistic on timeframes for projects, noting there needs to be an improvement in forecasting and on delivery. Mr Cleary advised that $33m has been taken out of next years capital programme and taken to later years and this information will be presented to the Council on May 18 at the annual plan deliberations meeting.

Mr Cleary does not believe there will be a level of service impact with the reduction in the capital programme. Mr Millward noted that it is probable that these alterations will have an impact on rates.

Councillor Barnett questioned the development slow down and Mr Cleary noted the projection of development contributions for this year, which were
well off the mark. Mr Cleary believes the completion of the western bypass motorway development will promote future development in the district. Mr Millward said there is still expected to be 500 new dwellings built in 2017, but there is a slowing of developments at present.

Moved Councillor Barnett seconded Councillor Farrant

THAT the Audit Committee:

(a) Receives report No° 160502039029;

(b) Circulates report to the Boards

CARRIED

Councillor Barnett noted concern that there may be a “bunching up” of big projects and suggested some planning going forward to prevent this.

7.7 Business and Centres Update – Simon Hart (Business and Centres Manager)

Mr Hart presented this report providing an update on town centre, local business and local economic development activities. Information on the statistics on the parking situation in Rangiora was provided, noting that there has been discussions held with some private property owners who have land that could be available for parking in the future, once The Farmers building is opened, which will generate more people in the town centre.

The Local Economic Development group met with staff in March and it was noted that the majority of the more than 50 individual work tasks or projects had either been completed, or had been superseded by other or new work.

Councillor Barnett asked if it was intended to install security cameras in Trousellot Park, which has been hit by vandals in recent weeks.

Councillor Gerard asked if there would be discussions with the members of the Council delegation who have recently been to China and with Enterprise North Canterbury representatives. It was agreed that feedback will be provided to this Committee at a subsequent meeting.

Moved Councillor Barnett seconded Councillor Gerard

THAT the Audit Committee:

(a) Receives Report No. 160506040950

(b) Notes the Rangiora and Kaiapoi Town Centre updates provided below.

(c) Notes the update information provided on the Local Economic Development Strategy, business friendly systems development, and Promotion Associations secretarial services.

(d) Notes the update provided by Enterprise North Canterbury on their recent business support activities.

(e) Circulates a copy of this report to the Boards for their information.

CARRIED
8. PORTFOLIO UPDATES

8.1 Audit, Finance, Long Term Plan and Annual Plan – Councillor Jim Gerard

Councillor Gerard had nothing to report.

8.2 Economic Development – Councillor Neville Atkinson

Councillor Atkinson was absent.

9. QUESTIONS

There were no questions.

10. URGENT GENERAL BUSINESS

There was no urgent general business.

11. MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

Section 48, Local Government Official Information and Meetings Act 1987

Moved Councillor Gerard seconded Councillor Farrant

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:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Minutes/Report of:</th>
<th>General subject of each matter to be considered</th>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Report of Sarah Nichols (Governance Manager)</td>
<td>Forestry and Riskpool Insurance Update</td>
<td>Good reason to withhold exists under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Reason for protection of interests</th>
<th>Ref NZS 9202:2003 Appendix A</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Protection of privacy of natural persons To carry out commercial activities without prejudice</td>
<td>A2(a) A2(b)ji</td>
</tr>
</tbody>
</table>
CLOSED MEETING

Resolution to resume in Open Meeting

Moved Councillor Gerard seconded Councillor Farrant

THAT the open meeting resumes and the business discussed with the public excluded remains public excluded.

CARRIED

OPEN MEETING

There being no further business, the meeting closed at 5.10pm.

CONFIRMED

___________________________
Chairperson

___________________________
Date