WAIMAKARIRI DISTRICT COUNCIL

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE COUNCIL CHAMBERS, 215 HIGH STREET, RANGIORA, ON TUESDAY 13 DECEMBER 2016 AT 4:00PM

PRESENT

Deputy Mayor K Felstead (Chairperson), Mayor D Ayers (to 5.30pm) Councillors N Atkinson, A Blackie, S Stewart and P Williams

IN ATTENDANCE

Councillors W Doody (to 5.20pm), P Allen (to 5.27pm) Messrs J Palmer (Chief Executive), J Millward (Manager Finance and Business Support), P Christensen (Finance Manager), Mrs L Ashton (Human Resources Manager), Ms C Brown (Health and Safety Coordinator), Mr G Meadows (Policy Manager), and Mrs A Smith (Committee Advisor).

1. APOLOGIES

Moved Councillor Blackie seconded Councillor Williams

THAT apologies for absence from Councillor Atkinson and for early departure from Mayor Ayers be received and sustained.

CARRIED

2. CONFLICTS OF INTEREST

Conflicts of interest (if any) to be reported for minuting.

3. RECEIPT OF MINUTES

3.1 Minutes of a meeting of the Audit Committee held on Tuesday 20 September 2016

Moved Deputy Mayor Felstead seconded Councillor Blackie

THAT the Audit and Risk Committee

(a) Receives for information, the minutes of a meeting of the Audit Committee held on 20 September 2016.

CARRIED

4. MATTERS ARISING

There were no matters arising.

5. PRESENTATION/DEPUTATION

There were no presentations.
6. REPORTS

6.1 Audit New Zealand Management Report for the year ended 30 June 2016 - Jeff Millward (Manager Finance and Business Support)

Mr Millward presented this report, advising members that there are two audits conducted annually, an interim audit and the final audit report for the year ended. This provides a number of recommendations that the council staff should take on board and put in place in readiness for the next audit.

Mr John Mackey Director of Audit New Zealand was present and noted that an unmodified audit opinion was issued. The audit fee was noted and that this would need to be discussed at a later date.

Committee members were asked if they were aware of any actual fraud within the Council, and members all confirmed that they were not aware of any actual fraud within the Council.

Being the appointed Auditor of several Trusts associated with the Council, Mr Mackey suggested that any new Trusts that the Council may be considering establishing, could be amalgamated into a current trust (referring to the Art in Public Places). This would be the recommended option, rather than setting up another Trust which would need to be audited and administered. Mr Millward advised this new Trust is still in the early stages of formation and this is a possibility that could be discussed when this matter will be reported back to the committee at a future meeting.

Moved Deputy Mayor Felstead seconded Councillor Blackie

THAT the Audit and Risk Committee

(a) Receives report No 161125121595
(b) Receives Audit New Zealand’s Management Report for the year ending 30 June 2016;
(c) Notes there are no significant matters arising from the management letter. Audit New Zealand have made a number of recommendations where systems and reporting could be improved and these improvements have been made or programmed to be done.

CARRIED

6.2 Promotion of Waimakariri District – 2015/16 Annual Report – Simon Markham (Manager Strategy and Engagement)

Mr Markham introduced this report and advised for the information of new committee members, that each year the Council agrees a draft plan for district promotions and this is the annual report against that. There are two other elements of district promotion, being capacity grants and event grants to the three promotions associations for Oxford, Kaiapoi and Rangiora. The capacity grants allow the groups to operate and the event grants are a dedicated grant to allow the organisations to put on an annual Christmas event in the respective towns. Mrs Heather Warwick (Enterprise North Canterbury Chief Executive) and Mr Nick Harris (Enterprise North Canterbury Chair). Mrs Warwick spoke to a PowerPoint presentation summarising an overview of the work streams of Enterprise North Canterbury in both Waimakariri and Hurunui Districts over the past 12
months. 50% of the budget for Enterprise North Canterbury is Council funded and 50% is private or project funded. Information on the sources of funding were provided showing an increase of 15% on the budget. The private funding portion is up considerably this year, due to the Business Awards function, which is a $100,000 event, there has been significant business attraction and visitor attraction promotion undertaken in Christchurch and also income from the Business and Information Centre.

The work of the Business Support face of the organisation was highlighted, with 120 free business capability assessments being undertaken, with funding of approximately 70% coming from NZ Trade and Enterprise and the rest from the Council Grants. The target was 55, so the figure was well over this. Free business resources are offered to start up businesses on the website.

The presentation included a video from Chris Bailey, of Rangiora Vets, who have engaged in many of the services offered by Enterprise North Canterbury, including entering the Business Awards (winning their category), received some funding for research and development and attend networking functions. Mr Bailey said that the support received from Enterprise North Canterbury has been a significant boost for their business and improved service to clients.

The North Canterbury Business Awards were held this year, and this was a very successful event, with 60 business’s entering and over 350 people attending the gala awards dinner at Ohoka School Hall. These awards are held every two years.

Mrs Warwick provided information on the training days that have been conducted throughout the year and the networking functions which are fully sponsored. The training calendar for the coming year has been set up.

ENC has this year employed some media and website assistance in the form of two part time staff and this is working well increasing the engagement with the public. There has been a 56% increase in the number of visits to the website, and there is good newsletters and media releases which are getting good feedback. Good information is getting out to the public on what ENC do. The Business Centre has now been open exactly a year in Kaiapoi, with good results in the use of the facilities at the Centre, with new and repeat business. It provides the community with a professional meeting place and quite a few external trainers are using it as well. The sponsors are to be thanked for this, providing $75,000 per year, which are signed up for the next three years. The l-site has a much higher profile now it is in the new building and has had an increase in commissions in the past 12 months.

Regarding events over the past year, these have been strong and contested, with 25 applications received requesting $62,000 and 17 successful for funding grants totalling $41,000. Through the Visit Waimakanir website, it was advised that there have been over 900 events promoted throughout the past 12 months.

Waimakanir District is above both Hurunui and Kaikoura Districts as far as visitor spend figures go. The district has been promoted through The Press full page advertising spreads, as well as leaflet drops in Christchurch. Social Media is being well utilised by Enterprise North Canterbury. ENC also had a stand at the Canterbury A&P Show in November, with an estimated 5,000 visitors over the three days.
Mrs Warwick provided an update on current commercial space available around the district, specifically in Rangiora and Kaiapoi, noting the commercial/industrial lots for sale in Ravenswood are popular for owner/operators, as these are the only sites available to be purchased in the district. Any other sites are for lease only.

An update on the support being provided to the Hurunui District following the November earthquakes was provided.

Mrs Warwick concluded with thanking the Council for the continued foundation support for Enterprise North Canterbury.

Councillor Stewart asked if the information provided by ENC could be provided as base data, rather than percentages.

Councillor Williams questioned the spend to the Council of $600,000 and would like to know what businesses have established in the District as a direct result of the work of ENC. Mrs Warwick noted that ENC works in partnership with, and has both Ravenswood and Wai-Zone on its website and includes them in the newsletters. Councillor Williams said he would like to see what ENC have been doing for the community rather than mentioning what other people have been doing for other businesses. Mrs Warwick noted that ENC has a website and produces newsletters and sometimes a new business setting up in the district doesn’t come back directly through ENC. (noting that the PGG Wrightson is not a good example). Councillor Williams has concerns that businesses could be setting up in the district whether ENC were involved or not and he would like to see direct results on paper rather than assumptions. Mr Harris noted that the $600,000 is not used solely for the promotion of new business to the district. Councillor Williams would like to see what new businesses are in the district as a direct result of work of ENC and Mrs Warwick will provide this information via email.

Councillor Stewart suggested it would be advantageous for members to be able to view the two monthly reports that presented at the meetings which the Council appointees attend (Mayor Ayers and Mr Palmer). Rather than having just a six monthly report or annual report, Councillor Stewart asked if it was possible to receive this information. Mr Palmer said the agenda and minutes from the Boards six board meetings per year could be made available, in addition to the annual report as presented here. It was agreed that this information would be made available to all members. Mr Harris noted the current reporting is on the timelines that have been set down, and suggested he considered that the information could be available through the two representatives from the Council. Mr Harris also noted that the $600,000 grant from the Council is not just about attracting business to the district, there are lot of other things that this money meets.

Following a question from Deputy Mayor Felstead regarding event funding, Mrs Warwick explained that sometimes grants are approved in the March round of funding but the events aren’t held until after July, and are still to be uplifted. With the contestable fund, sometimes an event is cancelled and the money then goes back into the fund, or there are times when a grant cannot be justified by the invoices showing for money spent. Mrs Warwick said this fund is well subscribed.
THAT the Audit and Risk Committee

(a) **Receives** report No 161201124351

(b) **Notes** the report against goals in the adopted District Visitor Strategy set out in the 2015/16 District Promotions Business Plan report. (Doc. No. 161130123825)

(c) **Circulates** this report to all Community Boards

**CARRIED**

Mayor Ayers thanked Enterprise North Canterbury for the work they do in district promotion. This work supports the promotion of all of Canterbury. It was noted the current situation with Hurunui and Kaikoura Districts dealing with post-earthquake and the effects on their visitor numbers. Although Waimakariri doesn't have an iconic tourist attraction, the graph figures show that there has still been a significant number of visitors to the district.

6.3 **Annual Report for Enterprise North Canterbury for the year ended 30 June 2016 – Jeff Millward (Manager Finance and Business Support)**

Mr Millward spoke to this report which presents the Enterprise North Canterbury Annual Report for the year ended 30 June 2016, as noted in the Statement of Intent. This is an audited report which comes with the measures that a reported against by ENC. This shows that the Trust has made good progress in achieving the performance measures.

THAT the Audit and Risk Committee

(a) **Receives** report No 161125121846.

(b) **Receives** the Annual Report of Enterprise North Canterbury for the year ended 30 June 2016;

(c) **Acknowledges** the work carried out by Enterprise North Canterbury over the year and thanks the Trustees and staff for their efforts;

(d) **Circulates** the report to the Boards.

**CARRIED**

In relation to business promotion, Mayor Ayers commented that one day several years ago, Rangiora lost the Farmers, and it was ENC that brought them back. Mrs Warwick added that ENC have also attracted Winnie Bagoes to Rangiora, noting that the role of ENC is as much about attracting business as landing new business.
6.4 *Annual Report of Te Kohaka o Tuhaitara Trust for the year ended 30 June 2016 – Jeff Millward (Manager Finance and Business Support)*

Mr Jeff Millward presented the report for the Te Kohaka o Tuhaitara Trust which is one of the Council controlled organisations. The Council appoints three of the six trustees to this Trust. Mr Greg Byrnes, the Trust General Manager was present and noted an apology from the Chairperson of the Trust Catherine McMillan.

The Trust continues to work with different groups in the community, and Mr Byrnes highlighted the successful planting day with members of the Canterbury University's Student Volunteer Army.

Mr Byrnes noted there was a deficit of $15,000 but also was pleased to report for the first time in just over six years since he has worked for the Trust, that it was not necessary to use any of the investment funds during the year. This money is set aside for maintenance work at Tutaipatu Lagoon, and to fund a percentage of the depreciation.

There is a strong relationship with the Trust and the University of Canterbury. Have been working for two years on the possibility of having a field research station based at Tuhaitara. It has been confirmed that the Kaikoura Research station will not be rebuilt and a cost analysis has been undertaken on having a centre at Tuhaitara. This would be a huge benefit to have this relationship with a tertiary institution and would mean being nationally, and possibly internationally, recognised as a centre of excellence for the restoration and rehabilitation of coastal environment.

Mr Byrne provided an update on the project to relocate Canterbury mudfish into the Park and the success of this.

Councillors were extended an invitation to visit the Park to see first-hand the work that the Trust had been undertaking.

Regarding arson attacks, Mr Byrne advised that there has been the first arson attack of the summer, noting that over the past two summers there have been over 20 deliberately lit fires. These have been primarily at Pines Beach. There has been investment of trail cameras which are out all the time. Regarding vehicles on the track, Deputy Mayor Felstead asked if there had been any improvement since the review of the Northern Pegasus Bay Bylaw this year Mr Byrnes thinks the situation has improved, with good relationships between the Council, Ecan and the Trust. There are volunteer rangers who are out and about which are very helpful. There will be a high presence of people on the trust land over the summer period including himself, volunteers and Ecan rangers making sure people are well educated.

Mayor Ayers asked if there had been any developments regarding the Trust taking over the management of the Kaiapoi Pa site. Mr Byrnes advised that there has been discussions on this matter. The Residential Red Zone Recovery Plan, which is signed off today, includes positive implications for the Te Kohaka o Tuhaitara Trust, with the inclusion of land and Pines and Kairaki. The Trust has also been discussions with Todd Group of Pegasus and the Council around the ECMA (Eastern Conservation Management Area) and during these conversations the western area came up, including the Pa site. One of the holdups for this site has been the appointment of Trustees. These have now been appointed and signed off in the Maori Land Court. Mr Byrnes understands
that this has occurred or is occurring very soon. It is still his understanding that the Trust will be heavily involved with management and maintenance of the Kaiapoi site.

Moved Councillor Stewart seconded Councillor Blackie

THAT the Audit and Risk Committee

(a) **Receives** report No 161125121596

(b) **Receives** the Annual Report for Te Kōhaka o Tūhaitara Trust for the year ended 30 June 2016;

(c) **Acknowledges** the work carried out by the Trust and thanks the Trust’s and General Manager for their efforts;

(d) **Circulates** the report to the Boards.

CARRIED

Councillor Stewart believes the Trust is a great success story, and supports the continued financial and non-financial assistance to the Trust. Mr Byrnes extended thanks for the support he gets from a number of Council staff members he has regular contact with. The non-financial support is also very important in Mr Byrnes role.

Mayor Ayers suggested that the Council should be looking at the western conservation area along with the Kaiapoi Pa site due to the cultural significance of these areas. Mr Byrnes noted the acknowledgement of the cultural significance on these sites and suggests that this has to be recognised in both these sites.

### 6.5 Outcomes of the WDC Health and Safety Risk Register Review October 2016 – Charlotte Brown (Health and Safety Advisor)

Ms Charlotte Brown spoke to this report which presented the outcomes of the Council’s review of the Health and Safety Risk Register and the associated action plan for high-risk and/or high consequence activities. Background information was advised to the committee on the process undertaken to date. Ms Brown noted that there has been an increase in the control measures put in place which has meant some risks have been reclassified.

Moved Councillor Williams seconded Mayor Ayers

THAT the Audit and Risk Committee:

(a) **Receives** report No 161118118811,

(b) **Reviews** the outcomes of the WDC Health and Safety Risk Register Review October 2016,

(c) **Notes** the format for the associated action plan for high risk activities, and

(d) **Notes** next steps for implementation of actions.

CARRIED
6.6 **Outcomes of Worksafe vs Ministry of Social Development Case and Implications for Waimakariri District Council – Liz Ashton (Human Resources Manager)**

L Ashton and C Brown presented this report which looks at proposing security reviews of all Waimakariri District Council client-facing sites, following the Ministry of Social Development (MSD) shooting event at the Ashburton WINZ office.

Mayor Ayers noted there are a lot of places where Council staff are close to the public, and levels of predictability. Ms Ashton noted there is a property alert system which is now in place, with feedback from staff about places where there could potentially be a safety issue. More staff are using this system now.

Following a question from Councillor Blackie, on a zero tolerance policy. Ms Ashton noted some customer facing staff have been on specialised aggression de-escalation training, helping people to assess good judgement. It is hoped that the site security review assessments from the professionals will provide guidance on this matter.

Councillor Allen asked if there is any consideration given to the role of Councillors in relation to protection. Ms Ashton advised that at the moment it is a physical site security review that is being undertaken. Mr Palmer noted that elected members protection and wellbeing also needs to be considered and this may require some further discussion. There are times when elected members have to deal with aggressive and aggrieved residents. Ms Brown spoke on the de-escalation training that has been provided to staff, and the favourable feedback from participants who have attended this course. There is potential for the availability of this training to be extended.

Moved Councillor Blackie seconded Deputy Mayor Felstead

THAT the Audit and Risk Committee

a) **Receives** report No 161118118947,

b) **Reviews** the outcomes of the WorkSafe vs Ministry of Social Development case, and

c) **Notes** a security risk review of all Waimakariri District Council sites where employees are exposed to the hazard of client-initiated assault or aggression will be completed as outlined in this report.

d) **Notes** a review of other Ministry of Social Development recommendations will be considered once the security risk reviews have been completed.

CARRIED
6.7 Local Government Act 2002 Section 17A Service Reviews – Geoff Meadows (Policy Manager)

Mr Meadows presented this report and the Section 17A Service Review, part of the Local Government Act. This Section looks at the cost effectiveness of services and the Council has a fairly detailed cost effectiveness review programme for 2016/17. There are three Section 17A reviews considered with this report. These are 3 Waters Information, Design and Delivery; 3 Waters System Maintenance and Development and Legal Services. These three reports are for this calendar year and there are number of reports still to be undertaken for the fiscal year.

Moved Deputy Mayor Felstead seconded Councillor Blackie

THAT the Audit and Risk Committee:

(a) Receives Report (TRIM No: 161128122136).

(b) Receives 2016/17 Section 17A Review Schedule (TRIM No: 160517045212).

(c) Approves the attached S17A Service Reviews for 3 Waters Information, Design and Delivery, 3 Waters System Maintenance and Development and Legal Services.

(d) Confirms no further S17A Service Review is required for up to six years for 3 Waters System Maintenance and Development, and Legal Services.

(e) Agrees that a further review of 3 Waters Information, Design and Delivery, be carried out in 2020.

CARRIED

6.8 Non-Financial Performance Measures 1st Quarter result as at 30 September 2016 – Maria Edgar (Corporate Planner)

Mr Meadows presented this report on behalf of Ms Edgar, noting that the Council is moving to a new system for non-financial performance quarterly reporting. This is the first quarter of the new system, but at this stage the reporting is still in some cases from the spreadsheet system. Mr Meadows advised that by the end of the second quarter, Council will be in a much better position to use the new system for non-financial quarterly performance reporting.

Moved Deputy Mayor Felstead seconded Councillor Williams

THAT the Audit and Risk Committee:

(a) Receives report no. EXC-08-03/161201123870 Non-Financial Performance Measures 1st Quarter Result as at 30 September 2016.

(b) Notes 65% of performance measures for the 1st Quarter were achieved and 32% have been almost met or it is too early to predict year end results at this stage of the financial year.
6.9 Capital Projects Report for the period ended 30 September 2016 – Paul Christensen (Finance Manager)

Mr Christensen presented this report on capital project expenditure to the end of September 2016. At the end of this quarter there were 218 projects that were considered on time, out of 260 projects that are undergoing. In monetary terms, there has been $21.7m spent on projects in progress, of which $7m has been spent this year, and $14m was carried forward from last year.

Moved Councillor Blackie seconded Councillor Williams

THAT the Audit and Risk Committee:

(a) Receives report No 161114116589;
(b) Circulates report to the Boards

CARRIED

6.10 Financial Report for the period ended 30 September 2016 – Paul Christensen (Finance Manager)

Mr Christensen presented this report with the financial report for the period ended 30 September 2016. Three main points were noted:

- The surplus at the end of the quarter was $3.2m. The Council surplus is $1.8m better than the budget, which is a combination of revenue above budget and expenditure $500,000 under budget. Revenue included a special Transwaste dividend that the Council received which was not budgeted for.
- External loans are at $90m. At the same time last year this was $95m. There has not been any more debt raised this quarter.
- The Capital spent, as outlined in the previous report is $21.7m.

Mr Millward provided background information on the recommendation to Council on the Transwaste Canterbury dividend to be applied to the Earthquake Loan Rate account. An alternative to this option, is that any dividend would go to the general rates. This dividend comes from earthquake activity.

Moved Councillor Blackie seconded Councillor Williams

THAT the Audit and Risk Committee

(a) Receives report no. 161114116574

Recommends to Council

(b) Approves the special dividend received from Transwaste Canterbury to be applied to the Earthquake Loan Rate account, to be used to offset the Earthquake Loan.

CARRIED
7. PORTFOLIO UPDATES

7.1 Audit, Risk, Long Term Plan and Excellence Programme – Deputy Mayor Kevin Felstead

Deputy Mayor Felstead had nothing.

7.2 Communications – Councillor Neville Atkinson

Councillor Atkinson was not present.

8. QUESTIONS

There were no questions.

9. URGENT GENERAL BUSINESS

There was no urgent general business.

10. MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

Section 48, Local Government Official Information and Meetings Act 1987

Moved Deputy Mayor Felstead Seconded Councillor Blackie

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>
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<tr>
<td>10.1</td>
<td>Minutes of the public excluded portion of a meeting of the Audit Committee of 20 September 2016</td>
<td>Receipt of minutes for information.</td>
<td>Good reason to withhold exists under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
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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>
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<tr>
<th>Item No</th>
<th>Reason for protection of interests</th>
<th>Ref NZS 9202:2003 Appendix A</th>
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10.1 Protection of privacy of natural persons
To carry out commercial activities without prejudice
A2(a)
A2(b)ii

CARRIED

CLOSED MEETING

Resolution to Resume in Open Meeting

Moved Deputy Mayor Felstead seconded Councillor Blackie

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 5.40pm.

CONFIRMED

______________________
Chairperson

______________________
Date