WAIMAKARIRI DISTRICT COUNCIL

MINUTES FOR THE MEETING OF THE AUDIT AND RISK COMMITTEE HELD IN THE WAIMAKARIRI DISTRICT COUNCIL CHAMBERS, 215 HIGH STREET, RANGIORA ON TUESDAY 26 MARCH 2019 COMMENCING AT 3.30PM.

PRESENT

Councillor N Atkinson (Chairperson), Mayor D Ayers, Deputy Mayor K Felstead, Councillors K Barnett, A Blackie and P Williams.

IN ATTENDANCE

Councillors R Brine (absent 5.30pm to 5.44pm), W Doody, D Gordon, J Meyer, S Stewart. H Warwick (ENC), G Byrnes (TKTT) and J Hullen (TKTT). J Millward (Manager Finance and Business Support), J Palmer (Chief Executive), S Markham (Manager, Strategy and Engagement), A Ismail (IT Systems Administrator), and S Nichols (Governance Manager).

The meeting adjourned at 5.10pm for a workshop and reconvened at 5.30pm.

1 APOLOGIES

Nil.

2 CONFLICTS OF INTEREST

Nil.

3 CONFIRMATION OF MINUTES

3.1 Minutes of a meeting of the Audit and Risk Committee held on Tuesday 12 February 2019

Moved Councillor Felstead seconded Councillor Barnett

THAT the Audit Committee

(a) Confirms the circulated minutes of a meeting of the Audit and Risk Committee, held on the 12 February 2019, as a true and accurate record, subject to a minor grammatical change to item 6.5.

CARRIED

4 MATTERS ARISING

Nil.

5 PRESENTATIONS

5.1 Miles O’Connor, Bancorp Treasury

Miles O’Connor from Bancorp Treasury spoke to the Council in relation to future economic forecasts, the Councils’ Treasury Policy and Standard and Poors. Presentation Trim 190330046952 was later circulated to the Councillors.
M O’Conner explained the services Bancorp Treasury provided to the Council and how the debt is managed. An overview of overseas market influences was discussed, impact of interest rates and international bonds, and where Waimakariri District Council is benchmarked in relation to other New Zealand Council’s. General discussion also occurred in relation to current rating with Standard and Poors. Debt flexibility and life of assets was also discussed in conjunction with J Millward. A general discussion related to the consequences of a changing financial environment was also explored.

6 REPORTS

6.1 Enterprise North Canterbury Half Year Report to December 2018, Promotion of the Waimakariri District Business Plan Report to December 2018 and Draft Statement of Intent beginning 1 July 2019 – S Markham (Manager Strategy and Engagement)

S Markham presented the report and H Warwick (CE of Enterprise North Canterbury) and spoke to a PowerPoint presentation (Trim 190330046953) that supported the report.

H Warwick highlighted the business support work and funding for the past six months, including training and networking programmes, on-line resources for business, surveys incorporating town studies and data analysis. An overview of District promotion input and influences was highlighted. H Warwick provided an outline to expectations and major events occurring over the next six months, including an independent trade stand at TRENZ which is New Zealand’s biggest annual international tourism showcase run by Tourism New Zealand and links to international markets. This year the TRENZ event is being held in mid-May in Rotorua. It would be the first time ENC have attended in their own right, whereas previously North Canterbury was promoted under the umbrella of Christchurch.

Councillor Stewart referred to pg 18 of the agenda and sought further information in relation to training opportunities. H Warwick advised an average class size was eight to ten people per workshop. Originally many workshops were half day in duration but now the majority of workshops would occur over a full day.

Councillor Stewart sought further clarification in regards to the income for the Information Centre, querying the increased expenses and whether a surplus is possible at year end. H Warwick advised that on average $100,000 of sales would generate $12,000 to the I-site above Council funding, and that income is anticipated to double this year, however computer software and on-line services will also contribute to an increase of expenditure. The initial increase from income is primarily based on train bookings (Coastal Pacific) and is unlikely to continue into the future.

In a supplementary question Councillor Stewart asked why costs had increased to the level they have. H Warwick clarified it was related to cost of sales. The overall running costs are covered in in the operational budget.

Councillor Gordon stated he was concerned that ENC appear at most Audit and Risk Committee meetings, enquiring if the Committee were putting undue reporting requirements on ENC, in comparison to other CCO groups that report to the Committee. S Markham advised the reason for the presentation today was as part of the requirement of six monthly reporting in relation to the half year report. The solution would be not to require six monthly reporting, which was not recommended. S Markham explained H Warwick had attended more frequently in recent months because of past review requirements and today was the last portion of the review process that started in early 2018.
J Palmer advised the six month reporting process is not onerous. If any further high level reviews were required that would be a different situation, however by ENC presenting every six months it is helpful to the Committee. J Millward advised of requirements under the Local Government Act (sec 66) or when there were changes to the Statement of Intent.

Councillor Barnett enquired if there was a basic itinerary of recommended activities for a half and full day visitor. H Warwick advised such information was available at the I-site and on the Visit Waimakariri website.

Councillor Barnett enquired if ENC were promoting into Christchurch to attract Christchurch residents as visitors. H Warwick advised newspaper advertising was not utilised but the district was promoted through social media, and currently had 4,000 followers.

In a supplementary question Councillor Barnett enquired about promotion for the Christchurch market and the Visit Waimakariri site. S Markham advised that further research has yet to occur since the last survey, however ENC were achieving good results though paid adverts on social media in Christchurch.

Councillor Atkinson commented on the River Queen vessel, and whether bookings could be taken through the I-site. H Warwick advised that ENC have offered to help with bookings and are recommending on-line bookings. It is understood there is interest already for group bookings for birthdays and Christmas functions.

Following a question from Mayor Ayers related to visitor spend, S Markham reflected on MIBE information, indicating that visitors to the Waimakariri District spent approximately $150m per year. This spend was comparable to visitor spend in the Hurunui District, acknowledging that the attraction for visiting was different in each district. S Markham advised he would circulate the MIBE information to the Councillors.

Moved Councillor Atkinson seconded Mayor Ayers

THAT the Audit and Risk Committee:
(a) Receives report No 190225021990.
(b) Receives the ENC Half Year Report to December 2018;
(c) Receives the Promotion of the Waimakariri District Business Plan Report to December 2018;
(d) Receives the Draft Statement of Intent beginning 1 July 2019;
(e) Provides any comment it may wish to make on the Draft Statement of Intent beginning 1 July 2019.
(f) Acknowledges the work carried out by Enterprise North Canterbury and thanks the Trustees and staff for their efforts;
(g) Circulates the report to the Community Boards.

CARRIED

Councillor Atkinson stated that the visibility of ENC and Visit Waimakariri is needed to continue. He considered the report as conveying good news and was pleased to see that new trustees had recently been appointed enhancing the vibrancy at the Board level. Councillor Atkinson believed that Waimakariri was in a new growth phase, having passed the recovery phase. This involved
increased interest from visitors for attractions such as cycle trails and beaches, which flowed onto business benefits.

Mayor Ayers stated it is clear that central business retailers are finding it hard at the present time, however $150m spend from visitors is significant and the Council may tend to undervalue the input of ENC, as the district does not have a single significant aspect like Hanmer. However, he acknowledged the beaches and other aspects like the cycle trails do draw people to the district. Mayor Ayers reflected that the district has a good variety of retail outlets, that enables choice and helps makes the district a good place to live.

Councillor Stewart stated that she welcomed the report. Councillor Stewart suggested a recommendation to the incoming Council to recognise the change of ENC and encouraged a meeting with the new Council to grow the relationship. Councillor Stewart stated she would be interested in reviews related to river pollution solutions from Mr B Penter, (newly appointed Board member), as he brings experience from the Waikato River Authority. Councillor Stewart also offered the suggestion of a local summit on water and impacts on the rural industry being held in the district in 2020. Councillor Stewart reflected on challenges ahead for the farming community, and it was not solely the retail sector undergoing a changing economic environment.

Councillor Gordon stated he always looked forwarded to the positive work of ENC and he was satisfied that the six monthly reporting process was appropriate. Councillor Gordon remarked, as holder of the Business Promotion and Town Centres portfolio, he held concern for the retail sector and the current economic climate. Councillor Gordon reflected on a recent meeting, steps taken by retailers through the earthquakes and an upcoming discussion on the merits of progressing projects as the feedback is there is an economic slow down. Councillor Gordon queried the Council role and the importance of listening.

Councillor Barnett endorsed Councillor Gordon’s comments, and the importance of getting smarter. She reflected on promotions such as ‘branding’ for day visitors particularly, noting that there had not been a shopping promotion for some time, whilst acknowledging any promotion had to be driven by the retailers themselves. Councillor Barnett commented on the recent opening of the Waikuku Old School Collective shopping cluster on State Highway One.

Councillor Atkinson, in his right of reply, reflected on a branding exercise that occurred many years ago and the continuation to market and promote towns and the district. Councillor Atkinson stated he was supportive of ENC coming to the new Council for a discussion, and believed the six monthly reporting frequency is the right balance. He stated that by ENC attending TRENZ in their own right it is a huge step forward as it provides an opportunity to link big events with major operators.

The meeting adjourned at 5.10pm for a workshop related to event underwriting, presented by S Markham. The meeting reconvened at 5.30pm.

Councillor R Brine vacated the room at 5.30pm.
6.2 **Te Kohaka o Tuhaitara Trust - Six month Financial Statements for the period ended 31 December 2018 – J Millward (Manager Finance and Business Support)**

Greg Byrnes (TKTT General Manager) and Joseph Hullen (TKTT Deputy Chair) were present for the report.

G Byrnes introduced the report and took it as read. It was advised that the past six months had been productive and it was appreciated that two full time rangers had been recruited and were busy on various aspects of Trust work.

Councillor Stewart queried the surplus and operational budget. Matters were explained by J Millward.

Councillor Stewart clarified the Next Steps funding from the Water Zone to which G Byrnes advised that the Trust would be presenting at the Waimakariri Water Zone meeting in April.

Moved Councillor Barnett   seconded Councillor Williams

**THAT** the Audit and Risk Committee

(a) **Receives** report No.190314034122.

(b) **Receives** the Six Month Report for the Te Kōhaka o Tūhaitara Trust for the period ended 31 December 2018;

(c) **Notes** the operations for the six months to 31 December progressing as planned and within budget.

CARRIED

Councillor Barnett stated she was pleased with the work undertaken and appreciated the good projects currently underway.

Councillor Williams congratulated the Trust on the work undertaken to date.

6.3 **Te Kohaka o Tuhaitara Trust – Statement of Intent for the Year ending 30 June 2020 – J Millward (Manager Finance and Business Support)**

Greg Byrnes (TKTT General Manager) and Joseph Hullen (TKTT Deputy Chair) were present for the report.

J Hullen outlined changes and enhancements to trails and the work involved on the Western Ridge through Pegasus. It was reported that the pest control programme was working successfully with buy-in from the Pegasus Residents Group and supported by the newly appointed education ranger. The Trust were currently investigating options for land parcels at The Pines and Kairaki in the regeneration land, including how to generate income. The Trust was also reviewing aspects of the Pegasus Town WCMA and CMA into the Management Plan, with work proposed to be completed by the end of the financial year. G Byrnes advised that some work had already commenced this year but the outputs would be more visible next year.

Councillor Stewart requested more detail on the agreements of gazetted notification of land and land use. J Palmer commented on the process that needs to be followed by the Trust to enable the land to be entrusted into the Reserve Management Plans to enable the overall objectives to be met. There was brief discussion on the relationship between reserve management plans, regeneration land and the overall management with further discussions with the Council to occur over time as the process progressed.
Councillor R Brine returned to the meeting at 5.44pm.

Mayor Ayers commented on the ownership of regeneration land and reminded members of the central government commitment. Councillor Atkinson, as Chair, stopped the discussions as they were not focused on the report and recommend a discussion at another time.

Mayor Ayers enquired about the Trust taking over the management of the Kaiapoi Pa. J Hullen advised information and a proposal had been presented to both the Runanga and the Pa Trustees. The Trust was awaiting to hear back regarding the offer of land maintenance. Discussions would be ongoing.

Moved Councillor Williams seconded Councillor Blackie

THAT the Audit and Risk Committee

(a) Receives report No 190311031096.

(b) Receives the Statement of Intent for Te Kōhaka ō Tuhaitara Trust for the year ending 30 June 2020.

(c) Notes that under the Local Government Act 2002, the Audit and Risk Committee may request Te Kōhaka ō Tuhaitara Trust to make changes to the Statement of Intent. Te Kōhaka ō Tuhaitara Trust would consider these changes requested and re-present the Statement of Intent prior to the 30 June.

CARRIED

6.4 Cyber Security Quarterly Status Report – J Simon (CIO) and D Sewell (ICT Team Leader)

A Ismail presented the report which was taken as read. A Ismail explained several aspects of the report including average batch management compliance, involving many laptops being used for Civil Defence. Testing of signatures had occurred before rolling out and in late December a specialty security firm undertook a penetration test on the network. The outcome of testing was positive, reflecting on the work that had been undertaken over the last 12 months. The BMS and Scada systems are currently being upgraded to reduce risks and Cloud risk assessments are occurring to ensure maximum security is maintained. A Ismail outlined ongoing processes to ensure security is maintained at a high level.

Councillor Gordon queried the new phone system. Staff acknowledged issues had been identified and were working through matters, which includes ongoing staff education.

Councillor Barnett enquired about the phishing campaign. A Ismail spoke of two different campaigns running and the different purposes they served. Overall results were positive.

Councillor Stewart queried the new phone system with the 0800 number. Staff acknowledged Councillor Stewart’s comments, with matters raised from the recent feedback survey. Issues had been identified and discussions were occurring with suppliers as some matters related to software, whilst other aspects related to ongoing staff education.
THAT the Audit and Risk Committee
(a) Receives report no. 190226022048.
(b) Notes progress of the work programme is on target and within budget.
(c) Notes Council is sourcing appropriate Cyber Security insurance with cyber insurance to be tendered and in place before 25 June 2019.
CARRIED

Staff advised that the Digital Mobility Project had been entered for a Solgm Excellence Award and a short promotional video was played for elected member interest.

7 PORTFOLIO UPDATES
7.1 Audit, Risk, Long Term Plan and Excellence Programme – Deputy Mayor K Felstead
Councillor Felstead reflected that the Draft Annual Plan had been released for public consultation and feedback was starting to be received.

7.2 Communications – Councillor N Atkinson
Councillor Atkinson commented on the Community Survey being released, and awaited the feedback with interest.

8 QUESTIONS
Nil.

9 URGENT GENERAL BUSINESS
Nil.

10 MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED
Section 48, Local Government Official Information and Meetings Act 1987
Moved Councillor Barnett 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>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Minutes of the Public Excluded portion of the Audit and Risk Committee meeting of 12 February 2019</td>
<td>Confirmation of Minutes</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)ii</td>
</tr>
</tbody>
</table>

CARRIED

CLOSED MEETING

The public excluded portion of the meeting occurred from 6.13pm to 6.14pm.

OPEN MEETING

There being no further business, the meeting closed at 6.14pm.

CONFIRMED

_________________________________
Chairperson

_________________________________
Date