

Audit and Risk Committee

AGENDA

Notice of Meeting:

A meeting of the Audit and Risk Committee will be held on:

Date: Wednesday 12 February 2024
Time: 1.00pm
Venue: Hine Paaka Council Chamber, Te Whare Whakaterere
2 Baring Square East, Ashburton

Membership

Chairperson	Russell Ellis
Deputy Chairperson	Leen Braam
Members	Carolyn Cameron Liz McMillan Richard Wilson Murray Harrington (external appointee) Mayor Neil Brown (ex-officio)

Audit & Risk Committee

Timetable	
1.00pm	Meeting commences

ORDER OF BUSINESS

1	Apologies	
2	Extraordinary Business	
3	Declarations of Interest	
Minutes		
4	Confirmation of Minutes – 27/11/24	3
Reports		
5	Civic Financial Services – Statement of Intent for 2025	5
6	Riskpool Update	15
7	EA Networks Centre income & expenditure November 2024	23
8	Bancorp for period ending 31 December 2024	25
9	Management of Accounts Receivable	36
Business transacted with the public excluded		
10	Minutes 27/11/24	PE 1
	• Health & Safety Section 7(2)(a) Protection privacy of natural persons	
11	Health & Safety Report Section 7(2)(a) Protection privacy of natural persons	PE 2

4. *Audit & Risk Committee – 27/11/24*

Minutes of the Audit & Risk Committee meeting held on Wednesday 27 November 2024, commencing at 1.00pm, in the Hine Paaka Council Chamber, Te Whare Whakaterere, 2 Baring Square East, Ashburton.

Present

Mayor Neil Brown, Councillors Russell Ellis (Chair), Leen Braam, Carolyn Cameron, Liz McMillan, Richard Wilson and Murray Harrington (via MS Teams).

Also present:

Councillors Phill Hooper, Lynette Lovett, Rob Mackle and Tony Todd.

In attendance

Hamish Riach (CE), Tania Paddock (Acting GM Business Support), Toni Durham (GM Democracy & Engagement), Sarah Mosley (GM People & Facilities), Ian Hyde (GM Compliance & Development) and Carol McAtamney (Governance Support).

Staff present for the duration of their reports:

Erin Register (Finance Manager), Lauretta Smith (Accountant), Femke van der valk (Policy Advisor), Richard Wood (Sport & Recreation Manager), Katie Perry (People & Capability Manager) and Andrew Malcolm (Safety & Wellness Lead).

1 Apologies

Nil.

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes

That the minutes of the Audit & Risk Committee meeting held on 23 October 2024 be taken as read and confirmed.

Cameron/Wilson

Carried

5 Bancorp Treasury Report – September 2024

That Council received the Bancorp Treasury report for the September 2024 quarter.

Cameron/McMillan

Carried

6 Civic Financial Services – half yearly accounts to 30/06/24

It was noted that a review of insurance is currently being undertaken and part of this review will include the pros and cons as to continuing to be a member of Riskpool.

That the Audit & Risk Committee receives the Civic Financial Services Ltd half-yearly accounts to 30 June 2034.

Ellis/Braam

Carried

7 EA Networks Centre Income and Expenditure

That the EA Networks Centre financial report for October 2024 be received.

Cameron/Wilson

Carried

8 ADC Annual Report 2023/24

That the Audit and Risk Committee receives the adopted Annual Report 2023/24.

McMillan/Cameron

Carried

Business transacted with the public excluded – 1.21pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – 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:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
9	Audit & Risk Committee – 27/11/24	Section 7(2)(a)	Protection of privacy of natural persons
10	Health and Safety Report	Section 7(2)(a)	Protection of privacy of natural persons

Cameron/McMillan

Carried

The meeting concluded at 2.22pm.

5. *Civic Financial Services – Statement of Intent for 2025*

Author *Erin Register; Finance Manager*
Executive Team Member *Hamish Riach; Chief Executive*

Summary

- Civic Financial Services Limited have delivered their Statement of Intent for 2025.
- The Statement of Intent for 2025 is presented to the Audit & Risk Committee for information purposes.

Recommendation

1. That the Audit & Risk Committee receives Civic Financial Services Limited's Statement of Intent for 2025.

Attachment

Appendix 1 Civic Financial Services Limited's Statement of Intent for the year to 31 December 2025

Background

The current situation

1. Civic Financial Services provide superannuation services for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and the Local Government Superannuation Scheme.
2. Civic Financial Services also provide administration services for a number of services including the Local Authority Protection Programme (LAPP) and Riskpool.
3. Civic Financial Services has 73 shareholders, including 72 local authorities and TrustPower. Ashburton District Council holds 56,016 of the total 11,249,364 shares (0.49 per cent).

Statement of Intent for 2025

4. The Statement of Intent for 2025 contained in Appendix 1 outlines Civic Financial Services' financial projections, which are set out at paragraph 3.6 of the Statement of Intent.
5. As with previous years, its primary source of income in 2025 will come from fees for providing superannuation administration for the local government sector. It also derives additional income from providing administration, accounting and other services to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.
6. Civic Financial Services are projecting a surplus after taxation of \$96,000 for period to 31 December 2025, decreasing to a \$93,000 surplus in 2026, before increasing to \$132,000 in 2027.
7. Civic Financial Services' administration income is projected to increase over the next three years. Its investment income is expected to rise in 2025, decrease in 2026, then increase again in 2027. Total expenses are projected to increase in each of the next three years.
8. Since 2020, the Board's policy is to not pay a dividend to its shareholders. Instead, funds that would otherwise have been provided to shareholders as a dividend are used to reduce the administration fees applied to its two superannuation schemes. Civic Financial Services has advised that from 1 April 2025, it will reduce the base administration fee for its two superannuation schemes from 0.33 per cent per annum to 0.32 per cent per annum.
9. There are two performance measures in the Statement of Intent:

- To provide superannuation and savings products and services to at least 90% of local authorities.
- To be retained as administration manager for the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

Legal/policy implications

10. There are no legal or policy implications.

Financial implications

11. There are no financial implications as this report is for information only.

Requirement	Explanation
What is the cost?	There is no cost.
Is there budget available in LTP / AP?	N/A
Where is the funding coming from?	N/A
Are there any future budget implications?	No
Finance review required?	Tania Paddock; Acting Group Manager – Business Support

Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of engagement selected	1. Inform - one way communication
Rationale for selecting level of engagement	The community will be informed of the Statement of Intent through the usual media channels.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

18 December 2024

Hamish Riach
Chief Executive
Ashburton District Council
PO Box 94
ASHBURTON 7740
hamish.riach@adc.govt.nz

Kia ora Hamish

Civic Financial Services Ltd ('Civic') - Statement of Intent for 2025

Please find enclosed a copy of Civic's Statement of Intent for 2025.

The Company's major source of income in 2025 will come from providing superannuation administration services for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme. Additional income will be derived from the services provided to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

In 2020, a Special General Meeting of the Company agreed that instead of providing dividends to shareholders, future surplus funds should be applied to reduce the administration fees for members of the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.

For the sixth year in a row, we are again pleased to announce a further reduction in the schemes' base investment management fee. From 1 April 2025, the current rate of 0.33% per annum will reduce to 0.32% per annum.

We have updated the communication section incorporated in the Statement of Intent to keep you informed of the changes we have implemented as we strive to improve the information provided to our members.

Thanks for your continued support, I look forward to working with you in 2025.

Ngā mihi



Charlie Howe
Chief
Executive
Email: charlie.howe@civicfs.co.nz

Civic Financial Services Ltd Statement of Intent

For the year to 31 December 2025

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1.0 What we do

- 1.1 We provide superannuation services for the local government sector through our SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.
- 1.2 We also provide high-quality, low-cost administration services to our client boards (Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool).

2.0 Mission Statement

- 2.1 Civic Financial Services Ltd ('Civic') will be a trusted and preferred administration and financial services provider to the local government sector:
 - Dedicated to our shareholders.
 - Committed to our members.
 - A sound and successful business.

3.0 Financial Projections

- 3.1 Our primary source of income in 2025 will come from fees for providing superannuation administration for the local government sector through the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.
- 3.2 We also receive income from providing administration, accounting and other services to the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.
- 3.3 In addition, we will derive income from returns on our investments.
- 3.4 The Board's current policy is not to pay a dividend to our shareholders. It was agreed at a Special General Meeting in 2020 that the funds which could otherwise be provided as dividends to shareholders should be used to reduce the administration fees applied to our two superannuation schemes.
- 3.5 Fee reduction: We will reduce the SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme base administration fee from 0.33% per annum to 0.32% per annum from 1 April 2025.

3.6 Financial projections for the years 2025 to 2027 are:

	2025 \$000's	2026 \$000's	2027 \$000's
Administration Income	3,270	3,441	3,569
Investment Income	425	386	394
Total Revenue	3,695	3,827	3,963
Expenses	3,561	3,698	3,780
Surplus before tax	134	129	183
Surplus after tax	96	93	132

Note - these are projections, not firm predictions.

4.0 Performance Measures

- 4.1 We aim to provide superannuation and savings products and services to at least 90% of local authorities.
- 4.2 We plan to be retained as administration manager for the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

5.0 Reporting to Shareholders

- 5.1 We will provide an audited report for the 2024 year by 30 April 2025. The report will contain a review of our operations during the year and audited annual accounts.
- 5.2 We will provide a report on the first half of 2025 by 30 September 2025. The report will contain a review of our operations during the half-year and unaudited half-yearly accounts.

6.0 Transactions with Related Parties

- 6.1 Civic has 73 shareholders, comprising 72 local authorities and TrustPower.
- 6.2 Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of Civic. Because it is sharing management resources, the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool are also considered to be related parties to Civic.
- 6.3 Transactions with shareholder members include risk-financing services and superannuation and savings-related financial services.
- 6.4 Charges to and from shareholder members will be made for services provided as part of the normal trading activities of Civic and its subsidiaries. All transactions with shareholder members are made on a purely commercial basis.

7.0 Member Communication

- 7.1 We will continue to update our strategy which guides the future direction of Civic by focusing on three key areas; positioning, promoting and protecting our brand as a trusted and preferred superannuation provider to the local government sector. This strategy is consistent with Civic's people-centric model, an approach that cares about its members and their whānau and aims to maximize their retirement funds.
- 7.2 This has involved reviewing Civic's processes and product information to ensure it follows the BRACS formula: Believable, Relevant, Actionable, Compelling and Simple.
- 7.3 Our recently revamped Electronic Direct Mail newsletter has been very successful with lots of positive feedback from our members. We are also growing the attendance at our lunchtime Webinars for members.
- 7.4 Our second member survey was very successful with a 26% lift in participation compared to the previous survey and overall membership satisfaction remained extremely high at 87.34%. Despite this, more education is clearly needed around the benefits of our superannuation products and how members' investments are managed. We have taken this on board.
- 7.5 In early 2025, we will announce the delivery of our inaugural APP for our superannuation schemes. The APP will allow members instant access to their scheme information and balances and further enhance our communication with them.

6. *Riskpool Update*

Author *Tania Paddock; Legal Counsel*
Executive Team Member *Hamish Riach; Chief Executive*

Summary

- The purpose of this report is to update Audit and Risk on Ashburton District Council's ongoing liability as a former member of Riskpool.
- Council received an update from Riskpool in December 2024, which advised a further call on members of \$2.5 million is coming in early 2025 (likely in March). Council's contribution will be known once this call is made, but based on Council's proportionate share of the \$12.88 million call made on members in November 2023, officers expect Council's contribution to be approximately \$10,400 plus GST.
- Due to the ongoing litigation that Riskpool is involved in, there is no way to determine Ashburton District Council's final and total liability to Riskpool. Council maintains the risk of having to make further unbudgeted payments in the future until Riskpool is wound up.

Recommendation to Council

1. That the Audit and Risk Committee recommends to Council to receive the update from Riskpool on:
 - a. Riskpool's progress on winding up; and
 - b. Council's ongoing liability, including the anticipated further call on members in March 2025.

Attachment

Appendix 1 Riskpool's December 2024 update letter

Background

Background to Riskpool

1. New Zealand Mutual Liability Riskpool (Riskpool) is a mutual liability fund that offered public liability and professional indemnity cover to its council members from 1 July 1997 to 30 June 2017. Ashburton was a member of this fund. Riskpool is governed by a trust deed, with cover provided by its members via a series of pooled funds.
2. Riskpool is administered by Civic Financial Services Limited.
3. The Local Government Mutual Funds Trustee Limited (LGMFT) is a wholly owned subsidiary of Civic Financial Services Limited. LGMFT is a trustee company that was set up to act as a trustee of the Riskpool scheme and to hold and apply the scheme funds in accordance with the Trust Deed for Riskpool.
4. Riskpool operated on the basis that all members made an annual contribution, part of which was used to purchase re-insurance. This reinsurance cover, along with the pooled funds, provided cover for claims made against members. In addition, LGMFT can call on its members for financial support for Riskpool's funds (referred to as "calls").
5. At the time of establishing this fund, Riskpool was able to offer a competitively priced cover and risk management service. However, due to the financial impact of the leaky buildings crisis and a dwindling number of council members, Riskpool was not able to maintain this competitive advantage.
6. As a result, Riskpool made the decision to cease providing cover from 1 July 2017 and has been in run-off mode since this time. As a result of significant litigation proceedings, Riskpool has not yet been able to wind up.

Previous Calls on Members

7. Following its decision to wind up, Riskpool advised its members that it was expecting to make calls on its members prior to finalising the wind up of Riskpool. Two previous calls on members have been made as follows:
 - a. In 2019, Riskpool made a \$6 million call on its members, of which Council was liable for \$24,257.86 plus GST. This was paid by Council in July 2019.
 - b. In late 2023, Riskpool made a further \$12.88 million call on its members. Council was liable for \$54,037 plus GST, which was paid in December 2023.
8. Riskpool noted in the December 2023 call that a further call on members could be expected.

Napier City Council Litigation Proceedings

9. In the early 2000s, it became clear that extensive liability for councils would arise from the leaky homes crisis in New Zealand. Therefore, in 2009 Riskpool carved out an exclusion for claims made by councils relating to a weathertightness issue, and in doing so, inserted Exclusion 13 into its Protection Wording:

13) This Section of the Protection Wording does not cover liability for Claims alleging or arising directly or indirectly out of, or in respect of:

- a) the failure of any building or structure to meet or conform to the requirements of the New Zealand Building Code contained in the First Schedule to the Building Regulations 1992 and any applicable New Zealand Standard (or amended or substituted regulation or standard) in relation to leaks, water penetration, weatherproofing, moisture ingress, or any water exit or control system; or*
- b) mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa or any similar life forms in building or structure.*

10. In 2014, the Napier City Council (NCC) was sued by the owners of the Waterfront Apartment buildings for negligence in NCC's capacity as a building consent authority, which ultimately resulted in a defective building being built. This claim was a 'mixed defects' claim, meaning there were a mix of weathertightness and non-weathertightness defects in the building. NCC later settled the claim with the owners.
11. NCC notified the claim to Riskpool, who declined Council's claim in full on the basis that Exclusion 13 applied to all of its liability (including for non-weathertightness components on the claim) due to the presence of the weathertightness defects. NCC subsequently sued Riskpool for declining its claim.
12. At issue in the court proceedings was whether the drafting of the weathertightness exclusion in Riskpool's policy meant that non-weathertightness building defects were also excluded from cover wherever a claim involved weathertightness defects. Riskpool argued that all defects (weathertightness and non-weathertightness) were excluded, whereas NCC argued that Riskpool should still pay out on the non-weathertightness component of its claim.
13. Riskpool was successful in the High Court at defending its decision to decline all cover for weathertightness and non-weathertightness defects. However, both the Court of Appeal and Supreme Court found in favour of NCC.
14. In upholding the Court of Appeal's decision, the Supreme Court held that when read as a whole and in context, the purpose of the exclusion clause was to exclude the risk of weathertightness defects, and therefore only liability with a causal connection to weathertightness was excluded from cover. Therefore, in 'mixed defect' claims,

Riskpool was liable to pay out to NCC on the part of its claim relating to non-weather-tightness issues.

15. Riskpool's previous call on members in December 2023 was in part to pay out NCC for the amount it was owed by Riskpool following the Supreme Court's decision.

Current Litigation Involving Riskpool

16. The Supreme Court's decision in the NCC case has set a significant precedent for Riskpool.
17. As a result, Riskpool is currently facing separate legal proceedings from three member councils, with a total of 12 litigation proceedings currently awaiting High Court hearings. It is understood these claims all relate to these Councils arguing that, in light of the NCC Supreme Court decision, Riskpool should pay out the non-weather-tight component of settlement claims paid out by Councils to settle with building owners. Two of the three councils have trial dates set down in mid 2025 and late 2025, with the third council yet to have a trial date set.
18. As at December 2024, the total quantum of these Councils' claims (and therefore Riskpool's potential total liability to these Councils) was not yet known. This was because those Councils had not yet quantified the quantum components of their respective claims.

Riskpool's Financial Position

19. As a result of the ongoing litigation, Riskpool faces significant ongoing operational expenses. Therefore, as outlined in the letter in Appendix 1 to this report, Riskpool has advised that it will be making a further call on its members, likely in March 2025. This call is expected to be in the region of \$2.5 million across all members.
20. Based on Council's previous contribution of 0.41% of the total call, officers anticipate that Council's contribution to the next call will be approximately \$10,400 plus GST. This amount will be confirmed in future correspondence from Riskpool, and officers will bring a report to Council to seek approval for payment of the call.
21. It is not yet known whether this will be the final call on members, as any future calls will be dependent on the outcome of the ongoing litigation outlined above.
22. Further, in an update to members in November 2024, Riskpool advised that it is currently pursuing its London-based reinsurers, to seek to claim on reinsurance cover that Riskpool had previously invested its members' contributions in. That is, Riskpool is asking these reinsurers to honour the obligations that Riskpool has paid for. Riskpool's current claim on reinsurance is solely in relation to the NCC settlement at this stage. However, it will set a precedent for any future claims against Riskpool's reinsurers that may be required following the outcome of the various ongoing High Court proceedings noted earlier.

23. Riskpool's claim on its reinsurers has been a lengthy and expensive exercise to date, as the reinsurers are seeking extensive information on the claim before making a decision on cover. These ongoing expenses are part of the reason for the anticipated further call on members in March 2025.
24. If Riskpool is not successful in obtaining cover from its reinsurers and Riskpool has financial liability resulting from the outcome of the current High Court proceedings, it is reasonable to expect that Riskpool will need to make a further call on its members in order to cover operational expenses and any settlement claims.
25. Until Riskpool has fully completed its wind up process, Ashburton District Council will retain a liability to this fund, of which the value remains unknown.

Legal/policy implications

26. Council, as a member of Riskpool, has a legal obligation to pay any call made by LGMFT on its members. By accepting membership into Riskpool, Council is bound by the Deed of Trust and Scheme Rules that govern the operation of the scheme.
27. The Riskpool trust deed provides LGMFT with the legal ability to request additional contributions from its members. The trust deed further provides that:
 - a. Any call must be paid within 20 days of receipt of notice; and
 - b. If any member fails to pay by the due date, LGMFT can charge interest on any outstanding balance. Further, any outstanding balance constitutes a debt payable and debt recovery proceedings can be brought against any member of fails to pay.
28. Council is therefore obligated to pay the further call once it is received, or it could face debt recovery proceedings.

Climate Change

29. There is not anticipated to be any impacts on, or impacts from climate change as a result of the recommendation in this report.

Strategic alignment

30. The recommendation relates to Council's community outcome of "*a prosperous economy built on innovation, opportunity and high quality infrastructure*" because all future calls on Council are a cost to Council and will have financial implications for our district.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	Any future call made by Riskpool will have an impact on the community as this will be funded by future rates or existing cash reserves.
Environmental		
Cultural		
Social		

Financial implications

Requirement	Explanation
What is the cost?	This is unknown at this stage, but is expected to be in the vicinity of \$10,400.
Is there budget available in LTP / AP?	No, as Council cannot rate for the unknown
Where is the funding coming from?	This will be determined once Council receives the further call that is expected in March 2025.
Are there any future budget implications?	Potentially yes, but the extent is unknown and cash reserves could be used.
Reviewed by Finance	Erin Register; Finance Manager.

Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No (at this stage)
Level of significance	Low – Councils liability is 0.41% of any call on members.
Rationale for selecting level of significance	At 0.41%, unless the final call was significantly greater than the previous calls in 2019 and 2023 (which is not expected), Councils liability remains a low level risk.
Level of engagement selected	1. Inform – one-way communication
Rationale for selecting level of engagement	This is a report for information only and the community will be informed of the receipt of the notification through the usual channels.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

Next steps

Date	Action / milestone	Comments
March 2025	Further report to Council	Once Council is advised of its liability for its portion of the \$2.5M call, officers will bring a report to Council to seek approval for payment of the call. Officers could request that the Riskpool Chief Executive provide an update to Council at that time, should this be requested by Councillors.

19 December 2024

Hamish Riach
Chief Executive
Ashburton District Council
PO Box 94
ASHBURTON 7740

Email: hamish.riach@adc.govt.nz

Riskpool: Update on run-off

Dear Hamish

Thank you to those members who attended our information-sharing webinar in November. We hope you found the webinar useful, and we appreciated the opportunity to answer questions from the membership. It is a busy time of year, so if you would like to watch back the webinar, or forward it to a colleague, please find a link to the recording here [Final Riskpool Webinar Recording.mp4](#)

As we outlined in our last letter, in July, Riskpool is committed to keeping members updated as we look to bring the scheme to a conclusion. Our next correspondence, which will cover a range of issues and updates, will likely be sent in February.

In the meantime, and as promised, we signal that Riskpool intends to make at least one call on members in 2025. Riskpool is engaged in significant domestic litigation (having been sued by several members) and is busy attempting to secure confirmation of reinsurance cover in London, which is consuming considerable resources (both in-house and external).

Riskpool hadn't expected to need litigation lawyers so late in the piece, but it is important that all efforts are made to provide value for members' investment over many years.

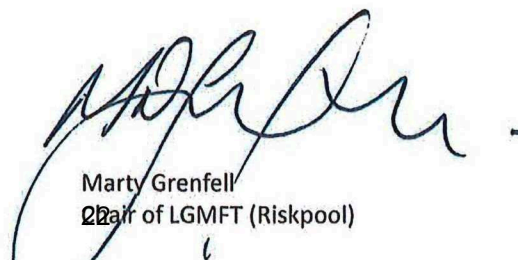
More information will be provided in our next update, but it is important that you know now that a call is likely to be made in **March 2025**. This call, which we expect to be in the region of **\$2.5 million** (across the membership, not per individual member), will be to cover ongoing operational expenses. This compares to a total call of \$12.88 million in November 2023. We look forward to providing you more detail on this call early in the new year.

The Riskpool board thanks you all for your patience as we navigate the remaining issues, and we wish you and your families a safe and enjoyable summer break.

Yours sincerely



Charlie Howe
CEO Civic Financial Services Ltd



Marty Grenfell
Chair of LGMFT (Riskpool)

7. EA Networks Centre income & expenditure

Activity Manager *Richard Wood; Sport & Recreation Manager*
GM responsible *Sarah Mosley; GM People & Capability*

Attachments

EA Networks Centre income and expenditure report – December 2024

Recommendation

<p>That the EANC income and expenditure report be received.</p>
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Ashburton District Council
EA Networks Centre - Income & Expenditure Report
for period ending 31 December 2024

	Facility Wide	Retail	Stadium & Meeting Rooms	Pool	Gymnasium & Group Fit	Learn to Swim	Satellite Assets	YTD Totals			Total		
	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Revised Budget	Variance	Revised Budget	Variance	%
Operating Income		4%	14%	25%	25%	32%	0%						
Fees	1,049	0	143,588	161,977	82,387	293,725	0	682,726	644,600	38,126	1,289,199	(606,473)	53%
Membership	0	0	23	93,225	184,118	0	0	277,366	370,995	(93,629)	741,991	(464,625)	37%
Grants & Subsidies	1,000	0	0	0	0	51,127	0	52,127	30,000	22,127	60,000	(7,873)	87%
Sales	0	42,552	0	0	0	0	0	42,552	45,000	(2,448)	90,000	(47,448)	47%
Sundry Income	0	0	0	6,140	2,375	0	0	8,515	30,000	(21,485)	60,000	(51,485)	14%
	<u>2,049</u>	<u>42,552</u>	<u>143,612</u>	<u>261,342</u>	<u>268,880</u>	<u>344,852</u>	<u>0</u>	<u>1,063,286</u>	<u>1,120,595</u>	<u>(57,309)</u>	<u>2,241,190</u>	<u>(1,177,904)</u>	<u>47%</u>
Operating Expenses		2%	21%	43%	17%	16%	0%						
Variable costs													
Financial / Professional Costs	18,523	0	0	0	0	0	0	18,523	25,000	(6,477)	34,000	15,477	54%
Promotional Costs	5,008	0	0	120	175	0	0	5,303	10,000	(4,697)	20,000	14,697	27%
General Costs	0	48	871	3,775	234	95	0	5,021	18,325	(13,304)	36,650	31,629	14%
Purchases	1,518	20,780	9,224	4,854	3,104	520	0	40,000	72,200	(32,200)	144,400	104,400	28%
Energy & Pool Costs	0	0	23,893	210,646	11,946	22,517	487	269,488	268,750	738	537,500	268,012	50%
Centre Maintenance	91,873	0	14,583	74,229	3,116	0	5,070	188,871	285,800	(96,929)	513,600	324,729	37%
Total Variable Cost	<u>116,922</u>	<u>20,827</u>	<u>48,571</u>	<u>293,623</u>	<u>18,575</u>	<u>23,132</u>	<u>5,557</u>	<u>527,207</u>	<u>680,075</u>	<u>(152,868)</u>	<u>1,286,150</u>	<u>758,943</u>	<u>41%</u>
Fixed costs													
Personnel Costs	382,731	0	27,370	359,122	269,183	263,912	0	1,302,319	1,271,781	30,539	2,538,261	1,235,942	51%
Insurance	16,087	12	3,489	2,322	23,602	4,632	0	50,143	10,036	40,106	20,073	(30,070)	250%
Office Costs	12,596	1,854	28,709	33,949	18,435	6,100	310	101,953	151,448	(49,495)	302,897	200,944	34%
Property Costs	9,619	0	0	443	0	0	0	10,061	18,000	(7,939)	36,000	25,939	28%
Interest	4,452	0	0	0	185	0	0	4,636	3,759	877	7,519	2,883	62%
Internal Rental	0	16,476	270,077	201,066	39,168	0	0	526,787	526,787	0	1,053,573	526,787	50%
Centre Overhead	(540,358)	597	157,147	195,995	68,934	117,684	0	(0)	0	(0)	0	(0)	
Total Fixed Cost	<u>(114,873)</u>	<u>18,939</u>	<u>486,791</u>	<u>792,896</u>	<u>419,507</u>	<u>392,328</u>	<u>310</u>	<u>1,995,899</u>	<u>1,981,811</u>	<u>14,088</u>	<u>3,958,323</u>	<u>(1,962,423)</u>	<u>50%</u>
	<u>2,049</u>	<u>39,767</u>	<u>535,362</u>	<u>1,086,520</u>	<u>438,082</u>	<u>415,460</u>	<u>5,867</u>	<u>2,523,106</u>	<u>2,661,886</u>	<u>(138,780)</u>	<u>5,244,473</u>	<u>(2,721,366)</u>	<u>48%</u>
Operating Profit (Loss)	<u>0</u>	<u>2,786</u>	<u>(391,751)</u>	<u>(825,178)</u>	<u>(169,202)</u>	<u>(70,608)</u>	<u>(5,867)</u>	<u>(1,459,820)</u>	<u>(1,541,291)</u>	<u>81,471</u>	<u>(3,003,282)</u>	<u>25,577</u>	<u>49%</u>
Non-Operating Income & Expenses													
Rates & Contributors	2,186,575	0	0	0	0	0	0	2,186,575	2,147,862	38,713	4,295,723	2,109,148	51%
	<u>2,186,575</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,186,575</u>	<u>2,147,862</u>	<u>38,713</u>	<u>4,295,723</u>	<u>2,109,148</u>	<u>51%</u>
Council Overhead Expense	449,117	0	0	0	0	0	0	449,117	476,069	(26,953)	952,139	503,022	47%
Depreciation	92,035	0	45,177	25,450	44,542	0	326	207,530	201,740	5,790	403,480	195,951	51%
	<u>541,152</u>	<u>0</u>	<u>45,177</u>	<u>25,450</u>	<u>44,542</u>	<u>0</u>	<u>326</u>	<u>656,646</u>	<u>677,809</u>	<u>(21,163)</u>	<u>1,355,619</u>	<u>698,972</u>	<u>48%</u>
Total Income	<u>2,188,624</u>	<u>42,552</u>	<u>143,612</u>	<u>261,342</u>	<u>268,880</u>	<u>344,852</u>	<u>0</u>	<u>3,249,861</u>	<u>3,268,457</u>	<u>(18,595)</u>	<u>6,536,913</u>	<u>931,244</u>	<u>50%</u>
Total Expenditure	<u>543,201</u>	<u>39,767</u>	<u>580,539</u>	<u>1,111,970</u>	<u>482,623</u>	<u>415,460</u>	<u>6,193</u>	<u>3,179,753</u>	<u>3,339,696</u>	<u>(159,943)</u>	<u>6,600,091</u>	<u>(2,022,394)</u>	<u>48%</u>
Overall Activity Profit / (Loss)	<u>1,645,423</u>	<u>2,786</u>	<u>(436,927)</u>	<u>(850,628)</u>	<u>(213,743)</u>	<u>(70,608)</u>	<u>(6,193)</u>	<u>70,109</u>	<u>(71,239)</u>	<u>141,348</u>	<u>(63,178)</u>	<u>1,435,752</u>	
Capital Expenditure and Loan Repayments													
Loan Principal Repayment	12,800	0	0	0	0	0	0	12,800	5,411	7,389	10,822	(1,978)	118%
Capital Expenditure	78,548	0	34,968	42,749	17,798	0	0	174,063	535,250	(361,187)	1,035,500	861,437	17%

8. *Bancorp Treasury Report – December 2024*

Author *Erin Register: Finance Manager*
General Manager responsible *Hamish Riach; Chief Executive*

Summary

- The Bancorp Treasury Services Ltd provides a quarterly report as part of the contractual treasury services.
- Attached is the second report for the 2024-25 financial year, being for the quarter ending 31 December 2024.
- This report is presented for Council's information, and is made up of four sections –
 - 1 Economic Commentary
 - 2 Liquidity, Funding and Hedging Bands
 - 3 Interest Rate Risk Management
 - 4 Investment Portfolio.

Recommendation

1. That Council receives the Bancorp Treasury report for the December 2024 quarter.

Attachment

Appendix 1 Ashburton District Council Treasury Dashboard Report- 31 December 2024.

Background

1. Bancorp Treasury Services Ltd (Bancorp) provide a service to Ashburton District Council to support Council in managing their Treasury - Investment and Liability Policy.
2. Bancorp provide quarterly treasury reports that covers global and NZ market updates, along with Ashburton District Council specific updates on our investment and liability portfolios.

Key Highlights

3. ADC is compliant with the Treasury Policy criteria as noted on Page 3 of the Report in Appendix 1.
4. ADC's debt at 31 December 2024 was \$125.6m. This debt has all been drawn from the Local Government Funding Agency.
5. The economic indicators suggest that economic activity in New Zealand is subdued and has excess productive capacity. The GDP result revealed the weakest six-month period since 1991 (excluding Covid periods). Movement in the US long term rates significantly changes the New Zealand yield curve.
6. Current market expectations are for a 1% cut to the OCR by August 2025 and an OCR low of 3% by October 2025.
7. Council's average cost of funds at 31 December 2024 is 3.92%. Officers will continue to monitor interest rates, keeping a fine line between balancing floating and fixed rates, while continuing to operate within our treasury policy.
8. ADC's Fixed Interest Portfolio had a nominal value of \$4,000,000 and a market value of \$4,171,480 on 31 December 2024.

Legal/policy implications

9. There are no legal implications.

Financial implications

10. There are no financial implications as this report forms part of Bancorp's contractual services.

Requirement	Explanation
What is the cost?	This reporting is part of the annual contractual fee paid to Bancorp of \$33,000 plus GST.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Treasury Consultancy - 132.30308.0000.
Are there any future budget implications?	No
Finance review required?	Tania Paddock; Acting Group Manager Business Support

Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of engagement selected	Inform - one way
Rationale for selecting level of engagement	The community will be informed of the Bancorp Report through the usual media channels.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

Next steps

- There are no further steps.



Treasury Dashboard Report

31 December 2024



BANCORP

BANCORP TREASURY SERVICES LIMITED

Economic Commentary (for the December 2024 quarter)

Global

2

	10 Year Government Bond Rates					
	US	NZ	Australia	UK	Germany	China
30-Sep-24	3.85%	4.24%	4.00%	4.00%	2.12%	2.17%
31-Dec-24	4.60%	4.41%	4.36%	4.57%	2.36%	1.67%
Change	+0.75%	-0.17%	+0.36%	+0.57%	+0.24%	-0.50%

As the above table shows, US long-term rates have moved significantly higher in the December quarter. Behind this move is a view that Trump's pro-growth policies will make the US Fed more cautious in delivering further rate cuts. Trump's inauguration on the 20th of January will be closely watched as he rolls out his policies, focusing on tariffs, geopolitics, immigration settings and future US government debt levels. Market expectations of further Fed rate cuts have been paired back with no rate cut expected at the next meeting on 29 January. However, there remain expectations of at least two rate cuts in 2025.

The US remains the global economy's bright spot, with China and Europe remaining weak. China is particularly vulnerable, given the threat of significant US tariffs. Europe is emerging from a period of stagnation, a Ukrainian/Russian-induced energy crisis and is exposed to protectionist US trade policies.

In Australia, the Reserve Bank of Australia ("RBA") has continued with a cautious approach to monetary policy, saying that inflation remains too high. This has resulted in continued restrictive policy settings. However, the market is pricing in 50 basis points of cuts by August 2025

New Zealand

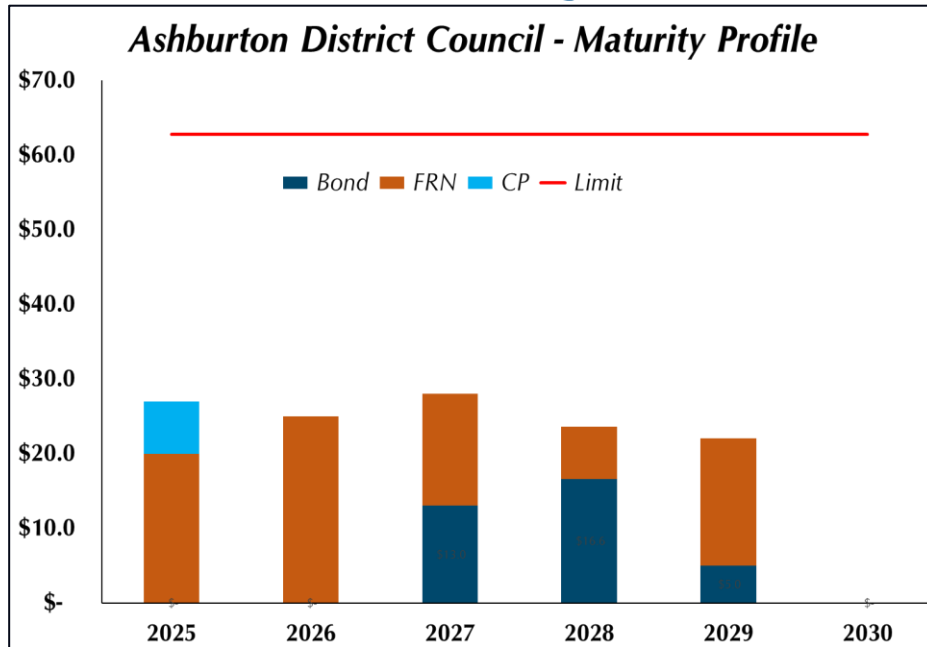
	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
30-Sep-24	5.25%	4.87%	3.58%	3.47%	3.55%	3.70%	3.89%
31-Dec-24	4.25%	4.17%	3.38%	3.38%	3.52%	3.72%	3.93%
Change	-1.00%	-0.70%	-0.20%	-0.09%	-0.03%	+0.02%	+0.04%

Over the December quarter, the Reserve Bank of New Zealand ("RBNZ") cut the Official Cash Rate ("OCR") by 50 basis points in October and a further 50 basis points in November to take it to 4.25%. In delivering the *Monetary Policy Statement* ("MPS") on 27 November, the RBNZ expressed confidence that inflation was near the midpoint of the 1.0-3.0% inflation target, while indicating that economic activity is subdued and that the economy has excess productive capacity. The shock September quarter Gross Domestic Product ("GDP") released in mid-December reinforced that the RBNZ has more work to do with the market now expecting a 50 basis point cut in February. The GDP result revealed a 1.0% decline in the September quarter (compared to market expectations of -0.4%) while the annual measure fell 1.5%, and included a downward revision to the June quarter fall to -1.2%, representing the weakest 6-month period since 1991 (excluding Covid periods).

Over the quarter, the upward movement in US long-term rates saw significant changes in the shape of the NZ yield curve, resulting in substantial changes in forward-start swap pricing. However, the typical correlation between NZ and US longer-term rates has temporarily broken down following the GDP numbers, which has helped deliver more attractive swap rates. Current market expectations are for 1.0% of cuts by August 2025 and an OCR low of 3.00% by October 2025.



Liquidity, Funding and Hedging Bands



Debt
\$125.6m
 External Council Drawn Debt

LGFA Debt
\$125.6m
 Funds Drawn from LGFA

Headroom = cash in bank, term deposits and fixed rate bonds
\$12.91m

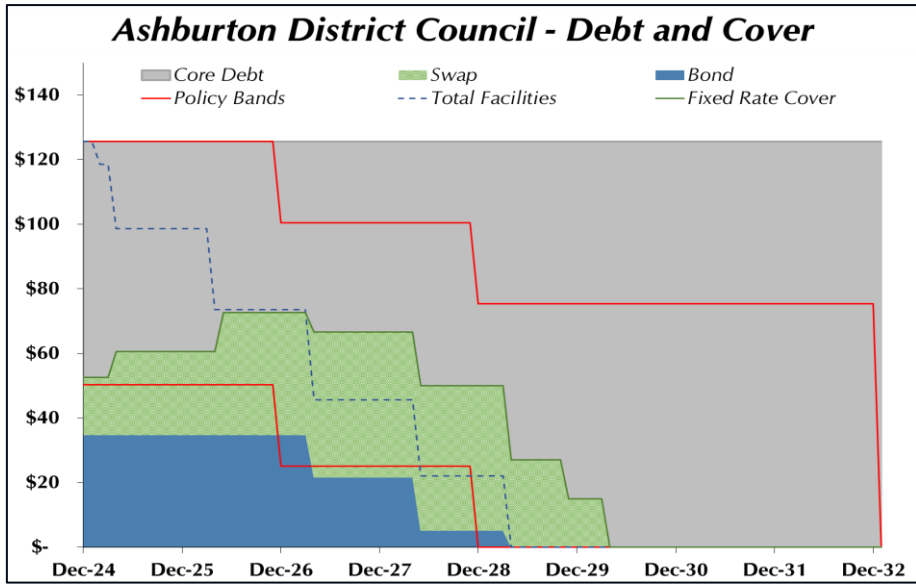
Liquidity Ratio (must be >110%)
110.28%
 Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

Cost of Funds as at 31 December 24
3.92%

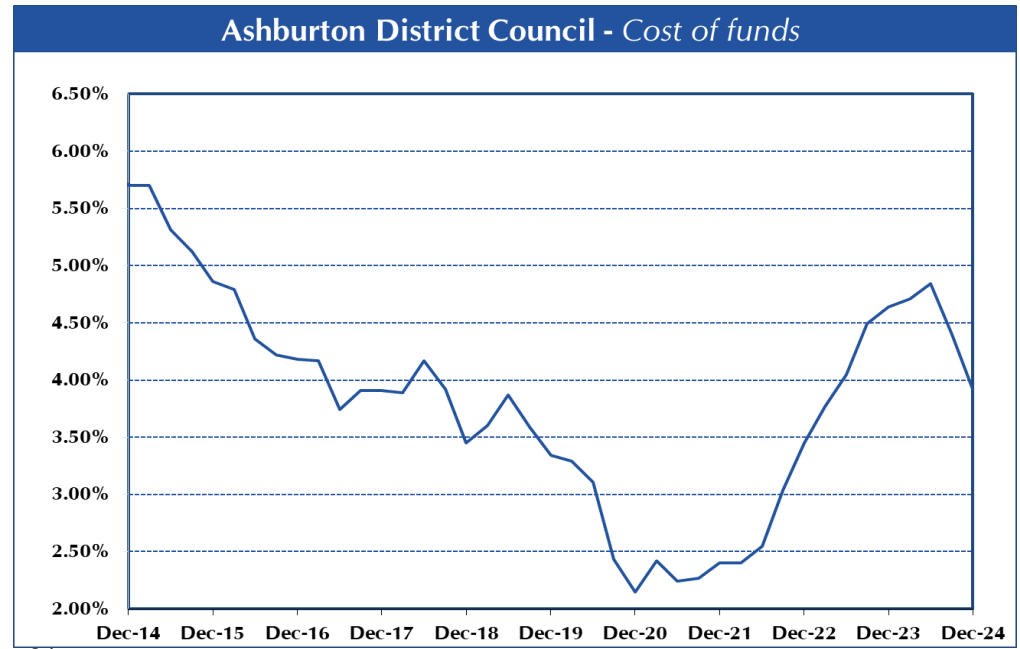
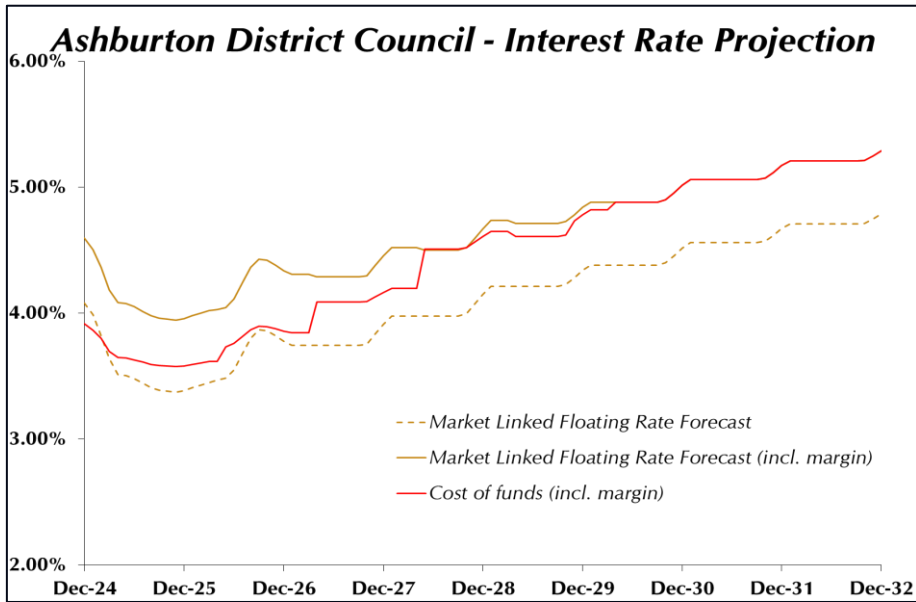
Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	Yes
Is the funding maturity profile within policy control limits?	Yes
Is liquidity within policy control limits?	Yes
Are counterparty exposures within policy control limits?	Yes

Fixed Rate Hedging Bands			
	Minimum	Maximum	Policy
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Compliant
4 - 8 years	0%	60%	Compliant

Interest Rate Risk Management



Current % of Debt Fixed	41.9%
Current % of Debt Floating	58.1%
Value of Fixed Rate (m)	\$52.6
Value of Forward Starting Cover	\$42.0
Value of Floating Rate (m)	\$73.0
Total Facilities In Place	\$125.6



Ashburton DC funding

As at 31 December

Listed below are Ashburton DC’s individual debt tranches as at 31 December incorporating Commercial Paper (“CP”), Floating Rate Notes (“FR’N”), and Fixed Rate Bonds (“FRB”). All of which are sourced from the LGFA. These total \$125.6m.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	20-Feb-25	4.51%	N/A	\$7,066,615
LGFA FRN	15-Apr-25	5.02%	0.37%	\$7,000,000
LGFA FRN	15-Apr-25	4.94%	0.29%	\$3,000,000
LGFA FRN	15-Apr-25	5.00%	0.35%	\$5,000,000
LGFA FRN	15-Apr-25	5.06%	0.41%	\$5,000,000
LGFA FRN	15-Apr-26	5.28%	0.63%	\$10,000,000
LGFA FRN	15-Apr-26	5.03%	0.38%	\$5,000,000
LGFA FRN	15-Apr-26	5.25%	0.60%	\$5,000,000
LGFA FRN	15-Apr-26	5.10%	0.45%	\$5,000,000
LGFA FRB	15-Apr-27	1.23%	N/A	\$5,000,000
LGFA FRB	15-Apr-27	0.97%	N/A	\$5,000,000
LGFA FRN	15-Apr-27	5.20%	0.55%	\$5,000,000
LGFA FRN	15-Apr-27	5.39%	0.74%	\$5,000,000
LGFA FRB	15-Apr-27	5.19%	N/A	\$3,000,000
LGFA FRN	15-Apr-27	5.08%	0.43%	\$5,000,000
LGFA FRB	15-May-28	2.01%	N/A	\$16,600,000
LGFA FRN	15-May-28	5.21%	0.76%	\$7,000,000
LGFA FRN	20-Apr-29	5.19%	0.60%	\$10,000,000
LGFA FRB	20-Apr-29	5.08%	N/A	\$5,000,000
LGFA FRN	20-Apr-29	5.33%	0.74%	\$7,000,000

LGFA Borrowing Rates

As at 31 December 2024

Listed below are the credit spreads and applicable interest rates as at 31 December 2024 for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Ashburton District Council (“ADC”) could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.15%	4.32%	N/A
6 month CP	0.15%	4.02%	N/A
April 2025	0.41%	4.58%	4.34%
April 2026	0.41%	4.58%	4.34%
April 2027	0.58%	4.75%	3.82%
May 2028	0.72%	4.89%	3.87%
April 2029	0.85%	5.02%	4.04%
May 2030	0.95%	5.12%	4.16%
May 2031	1.02%	5.19%	4.33%
May 2032	1.05%	5.22%	4.48%
April 2033	1.09%	5.26%	4.59%
May 2035	1.12%	5.29%	4.76%
April 2037	1.18%	5.35%	4.93%

Investment Portfolio

As at 31 December 2024

As at 31 December, ADC's Fixed Interest Portfolio ("FIP") had a nominal value of \$4,000,000 and a market value of \$4,171,480. The makeup of the FIP as at 31 December, including its valuation, is shown in the following table.

Issuer	Rating	Maturity Date	Coupon Frequency	Nominal Value	Coupon Rate	Yield	% of Portfolio	Duration	Capital Price	Accrued Interest	Gross Price
ANZ	A	17-Sep-26	2	\$1,000,000	3.00%	5.03%	23.39%	1.63	\$967,088	\$8,702	\$975,789
Westpac	A	16-Sep-27	2	\$1,100,000	6.19%	4.95%	27.66%	2.44	\$1,134,064	\$19,938	\$1,154,002
Kiwibank	AA	19-Oct-27	2	\$1,000,000	5.74%	3.90%	25.41%	2.55	\$1,048,286	\$11,512	\$1,059,798
Westpac	A	14-Feb-29	2	\$900,000	6.73%	4.95%	23.54%	3.51	\$959,012	\$22,878	\$981,890
Total				\$4,000,000	5.40%	4.70%	100.00%	2.53	\$4,108,450	\$63,029	\$4,171,480

Disclaimer

IMPORTANT NOTICE

Statements and opinions contained in this report are given in good faith, but in its presentation, Bancorp has relied on primary sources for the information's accuracy and completeness. Bancorp does not imply, and it should not be construed, that it warrants the validity of the information. Moreover, our investigations have not been designed to verify the accuracy or reliability of any information supplied to us.

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Bancorp New Zealand Ltd
Head Office, Level 3, 30 Customs Street, Auckland
09 912 7600

www.bancorp.co.nz

Audit and Risk Committee

12 February 2025

9. Management of Accounts Receivable

Author	<i>Lauretta Smith; Accountant</i>
Activity Manager	<i>Erin Register; Finance Manager</i>
Executive Team Member	<i>Hamish Riach; Chief Executive</i>

Summary

- The purpose of this report is to provide an update on our management of outstanding Receivables.

Recommendation(s)

- That the Audit and Risk Committee receive the report of accounts receivable.

Background

The current situation

1. Ashburton District Council have receivables in the form of Rates and other Debtors. Outstanding debts are being actively managed. We engage an external debt management company called Debt Management Central (DMC). They currently manage outstanding debt for approximately 34 councils across New Zealand. They focus on only Local Government debt, in particular rating debt.
2. Council engages DMC to manage our outstanding Debtor invoices. As at the end of December we had 79 outstanding debtor accounts being managed by DMC.
3. Council also engages DMC to manage our outstanding rates. As at the end of December we had 38 outstanding rate debtors being managed by DMC.
4. See below summary of Rates Debtors outstanding as at 31 December 2024:

	Total	Instalments	Total Due	Total Due
Outstanding as at:		Paid in Advance	Current Year	June and Prior
31.12.2024	1,063,018	(2,208,319)	1,119,513	2,151,824
31.12.2023	1,721,105	(1,827,656)	1,199,021	2,349,741

5. See below summary of Other Debtors outstanding as at 31 December 2024:

	Three Months	Two Months	One Month	Current	Balance
Building and Resource Consents	\$185,186.40	\$135,674.60	\$764,230.93	\$504,868.85	1,589,961
Resource Recovery Park Debtors	\$3,882.43	\$10,860.37	\$956.99	\$325,952.75	341,653
Rental Debtors	\$118,562.58	(1,695.24)	\$27,597.34	\$152,089.07	296,554
Water Billing	\$211,777.18	\$41,074.75	\$130.04	\$535.16	253,517
Infringements	\$17,258.00	\$31,195.00	\$23,087.00	\$4,294.53	75,835
Animals	\$45,457.35	\$100.00	\$87.50	\$1,287.65	46,933
Licences	\$2,638.13	\$2,775.00	\$4,744.25	\$11,610.94	21,768
EA Networks Centre	\$1,282.35	\$841.40	\$2,189.45	\$4,382.50	8,696
Halls and Reserve Boards	\$1,433.49	\$795.00	\$180.49	\$4,496.75	6,906
CRM	\$934.97	\$649.47	\$590.41	\$1,223.56	3,398
Certificates	(6,862.40)	\$2,152.00	\$1,535.00	\$5,221.00	2,046
Airport	(19.02)	(5.05)	(35.99)	\$86.99	27
Forestry Debtors	\$4.08	\$0.00	\$0.00	\$0.00	4
Trade Waste Debtors	(460.88)	\$0.00	\$0.00	\$0.00	(461)
Sundry Debtors	(196,931.04)	(18,851.14)	(81,444.99)	\$236,525.41	(60,702)
	384,144	205,566	743,848	1,252,575	2,586,133

6. The following are Other Debtors with over \$10,000 outstanding greater than 90 days:

Debtor Type	\$10,000 - \$30,000	\$30,000 - \$50,000	\$50,000 - \$100,000	>\$100,000	Total
Rental		1	1		2
Sundry	1	1	1		3
Applications	14	1			15
Water	2				2

Rental

The debtor in the \$50,000 - \$100,000 category is currently negotiating an acceptable payment plan. The other outstanding rental debtor has been sent to debt management.

Sundry

The larger outstanding debt has an approved payment arrangement. One relates to an internal allocation to be actioned, and the final debt has been sent to debt management.

Applications

One of these debtors has been sent to debt management. Two are on hold as per the relevant department's instructions. For the remaining debtors, Finance are in discussions with the department with regard to next steps.

Legal/policy implications

Terms of Trade

7. We are currently looking into our debtor invoices and ensuring we have the correct disclosure statement to be legally able to charge collection fees and interest on sundry debt.
8. Rates collection is legislated by the Local Government (Rating) Act 2002, and we apply penalties in accordance with this Act and these penalties are adopted annually as part of our annual plan process.

Financial implications

Requirement	Explanation
What is the cost?	Cashflow on the organisation
Is there budget available in LTP / AP?	N/A
Where is the funding coming from?	N/A
Are there any future budget implications?	No
Reviewed by Finance	Erin Register; Finance Manager.

Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	Yes
Level of significance	Low
Rationale for selecting level of significance	N/A
Level of engagement selected	Inform – one-way communication
Rationale for selecting level of engagement	Report is to provide assurance the councils accounts receivable are being actively managed. These are private arrangements between Council and debtors.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

Audit and Risk Committee

Terms of Reference

Purpose

The purpose of the Audit & Risk Committee is to provide oversight of Council's audit processes, statutory compliance and internal risk management in a manner that promotes the current and future interests of the community (Local Government Act 2002).

Membership

Membership of the Committee comprises:

- Cr Russell Ellis (Chair)
- Cr Leen Braam (Deputy Chair)
- Cr Carolyn Cameron
- Cr Liz McMillan
- Cr Richard Wilson
- External appointee – Murray Harrington
- Mayor, Neil Brown (ex-officio)

The quorum is four members.

Meeting Frequency

The Audit & Risk Committee will meet on a six-seven weekly cycle, or on an as-required basis as determined by the Chair and Group Manager Business Support.

Committee members shall be given not less than 5 working days' notice of meetings.

Delegations

The Audit & Risk Committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business, and (if appropriate) to make recommendations to full Council.

Sphere of business

- To receive and consider the project plan and timetable for the following projects –
 - Long Term Plan (LTP) and any amendments
 - Annual Plan & Budget
 - Annual Report and Audit
- To receive progress reports on the above projects, where appropriate, and review significant issues and risks arising.
- To establish and maintain effective relationships with Council's auditors, including meeting with the audit representatives regarding significant policy and planning processes as appropriate, reviewing the Annual Audit Plan, and considering matters of significance raised by Council's auditors and action required.
- To receive reports on all external party audits of any and all Council activities, and review significant issues and risks arising.

- To be the primary monitoring mechanism for Council's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) and shareholdings. Review the CCOs' draft statements of intent and advise CCOs of any comments.
- To provide overview of Council's performance management framework as included in the Council's LTP and Annual Plan documents.
- To provide overview of Council's statutory compliance and legal matters, monitoring any areas of statutory non-compliance.
- To provide overview of risk management and insurance. Review corporate risk assessment and internal risk management practices. Review insurance arrangements annually and monitor insurance claims.
- Monitor and review Health & Safety related matters. Participate in national risk management practices and implementation of risk management processes.
- To consider matters of organisational services in the area of Health & Safety.
- To receive the EA Networks Centre monthly income and expenditure reports, and any other matters directed to the Committee by Council. [21/06/23]

Reporting

The Audit & Risk Committee will report to the Council.

Reviewed

21/06/23