
Finance, Audit & Risk Subcommittee

OPEN MINUTES

Minutes of a meeting of the Finance, Audit & Risk Subcommittee held in the Council Chambers, Horowhenua District Council, Levin, on Wednesday 27 March 2019 at 4.10 pm.

The meeting was preceded by words from Mayor Feyen paying tribute to the victims of the Christchurch terrorist attack, with local musician Coburn Jane performing the song “They Are Us” that she had written to commemorate the sad event. Those at the meeting then stood and observed a minute’s silence.

PRESENT

Chairperson	Mr P Jones
Members	Deputy Mayor W E R Bishop
	Cr R H Campbell
	Mayor M Feyen
	Cr N G Gimblett
	Cr V M Kaye-Simmons
	Cr J F G Mason
	Cr C B Mitchell
	Cr P Tukapua
	Cr B P Wanden

IN ATTENDANCE

Mr D Law	(Chief Financial Officer)
Mr D M Clapperton	(Chief Executive)
Mr D McCorkindale	(Group Manager – Strategy & Development)
Mr I McLachlan	(Group Manager – Customer & Regulatory Services)
Mr J Paulin	(Finance Manager)
Mr A Chamberlain	(Financial Accountant)
Mrs K J Corkill	(Meeting Secretary)

ALSO IN ATTENDANCE

Mrs D Perera	(Audit Director, Audit New Zealand)(to 5.10 pm)
Mrs F Elkington	(Audit New Zealand)(to 5.10 pm)

PUBLIC IN ATTENDANCE

There were six members of the public in attendance at the commencement of the meeting.

1 Apologies

Apologies were recorded for Councillors Brannigan and Judd.

MOVED by Deputy Mayor Bishop, seconded Cr Kaye-Simmons:

THAT the apologies from Crs Brannigan and Judd be accepted.

CARRIED

2 Public Participation

7.3 Audit New Zealand – Final Management Report for the year ended 30 June 2018

6.3 Funding agreements with third parties

Anne Hunt

Olaf Eady

Christina Paton

Anne Hunt, Olaf Eady and Christina Paton each referenced the issue raised by Audit New Zealand of the lack of formalised agreements between Council and external parties where third parties would be sharing costs with Council.

Providing an excerpt from October 2008's "Community Connection" which recorded the signing of a Memorandum of Understanding with the Dutch Connection Trust, Mrs Hunt expressed some of the concerns she had had in relation to the project, particularly as she had wanted to ensure that ratepayers were not be burdened with the associated costs. She noted complaints she had received about the quality of the Library at Te Awahou Nieuwe Stroom which she said took second place to the museum aspects of the facility and she requested that consideration be given to reducing the museum space, selling the fixtures and increasing the library area.

Indicating the responsibilities of the various parties in the room when it came to Council operations, Mr Eady suggested that all had been negligent in this matter and he called into question the stewardship of HDC funds. He queried if the parties had been approached for the outstanding monies and further queried who owned the Te Awahou Nieuwe Stroom land and buildings.

Mrs Paton expressed her acute disappointment at what was recorded in 6.3 of the Audit Report given the national status of Te Awahou Nieuwe Stroom. She requested it be rectified as soon as possible and also requested assurance that the Foxton Beach Freeholding Account funds had been invested in a reputable manner.

Responding to the comments made, Mr Clapperton clarified that whilst the Dutch Connection Trust had originally indicated it would contribute \$6m, that was when the project was going to cost \$17m. It had subsequently been scaled back to about \$7m. He noted the contributions made by the two parties:

- The total value of the Piriharakeke Generation Inspiration Centre – Te Taitoa Māori o Te Awahou Trust – was approximately \$1,1m, with the contribution made to-date being \$826,000, leaving a balance of \$232,000.
- The value of the Oranjehof Dutch Connection Centre component was \$1.250m, with the contribution made to date being \$882,000. The outstanding amount as at 30 June 2018 was \$367,000 and subsequently a further contribution of \$80,000 had been made, leaving an outstanding amount of \$287,000.

Council was in the throes of putting in place Deeds of Acknowledgement of Debt for both entities; however both Trusts had been making contributions despite the lack of formal documentation. With regard to ownership; Council owned the land and buildings, with the fit-out component for the Piriharakeke Generation Inspiration Centre owned by Te Taitoa Māori and the Dutch museum fit-out was owned by the Dutch Connection Trust.

Saying he did not believe there was a need to look at the structure of the facility, Mr Clapperton commented on the huge success Te Awahou Nieuwe Stroom had been since it opened in November 2017 with recent exhibitions being a testament to the success of TANS over and above the local activities delivered in that particular space. Responding to a query, Mr Clapperton noted that the Auditor's Report was to 30 June 2018 and what was recorded was correct at the time it was written.

3 Late Items

There were no late items.

4 Declarations of Interest

There were declarations of interest.

5 Confirmation of Minutes – 27 February 2019

MOVED by Mayor Feyen, seconded Cr Campbell:

THAT the minutes of the meeting of the Finance, Audit & Risk Subcommittee held on Wednesday, 27 February 2019, be confirmed as a true and correct record.

CARRIED

6 Announcements

There were no announcements.

7 Reports

7.1 Projects Update

Purpose

To provide the Finance, Audit and Risk Subcommittee with an update of the projects being undertaken by the Infrastructure Projects Team.

Speaking to the report and responding to queries, Mr Clapperton drew Elected Members attention to the updated Project Summary on Levin Wastewater Land Treatment which was tabled following feedback received and further information available since the report was compiled.

MOVED by Mr Jones, seconded Cr Wanden:

THAT Report 19/82 Projects Update be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

CARRIED

7.2 Eight Month Report 1 July - 28 February 2019

Purpose

To present to the Finance, Audit & Risk Subcommittee the financial report for the seven months to 28 February 2019.

Mr Law and Mr Clapperton spoke to the report and responded to queries from Elected Members, which included requests:

- to have an indication of the number of new rateable units created in the district, with it explained that there was some lag between when lots were created and that information being available from valuers;
- because of the increase in the cost of solid waste, to have some indication on an

annual basis of how much was being diverted away from the landfill as a result of recycling, what was being recycled, and was Council getting value for money.

Responding to a query in relation to rates creditors (those who paid rates in advance), Mr Law said that was in the order of \$300,000 and was taken account of in Council's GST return.

MOVED by Cr Campbell, seconded Cr Wanden:

THAT Report 19/73 Eight Month Report 1 July - 28 February 2019 be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

CARRIED

7.3 Audit New Zealand - Final Management Report for the year ended 30 June 2018

Purpose

To present to the Finance, Audit & Risk Subcommittee the Audit New Zealand Management Report for the year ended 30 June 2018.

Representatives from Audit New Zealand, Debra Perera and Fiona Elkington, joined the table, with Mrs Perera drawing Elected Members attention to page 3 of the report which covered the key messages to Council, with the main point being that Audit did issue an unmodified audit opinion which confirmed that Audit was satisfied that the financial statements and statement of service performance fairly reflected the District Council's activity for the year and its financial position at the end of the year, and she further commented on the matters considered during the Audit.

Mrs Perera noted that they were looking at improvements around the Annual Report process itself and were currently planning for the 2019 Audit with productive discussions being held with a number of parties including the Mayor, Councillors, the CE, and the Senior Management Team. Discussions were also being held with the FARS Chair and the Finance Team to see how work could be brought forward outside of the traditionally intense period prior to adopting the Annual Report.

Responding to a comment from the Chair that because of the number of issues in progress it would be helpful to have an interim audit and have some of the issues cleared and formally reported to FARS by no later than its August meeting, Mrs Perera confirmed this would occur and anything that was cleared would be taken off the table for the final report.

MOVED by Mayor Feyen, seconded Cr Campbell:

THAT Report 19/36 Audit New Zealand - Final Management Report for the year ended 30 June 2018 be received.

THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.

CARRIED

7.4 Council's Options for Insuring Below-ground Infrastructural Assets

Purpose

To evaluate the options for insuring Council's infrastructural assets for damage relating to a natural disaster.

Saying he had no hesitation in recommending that Council remain a member of LAPP, Mr Law reiterated the main points in the report, providing further information on the product, the current insurance market, and the benefits of remaining in LAPP

as well as responding to queries from Elected Members.

MOVED by Mayor Feyen, seconded Deputy Mayor Bishop:

THAT Report 19/76 Council's Options for Insuring Below-ground Infrastructural Assets be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

THAT the Finance, Audit & Risk Subcommittee recommends to the Horowhenua District Council (HDC) that HDC remains a member of LAPP using the new Insurance product while retaining HDC's share of the \$16m LAPP fund that may be used to cover the costs of Insurance Valuations and Risk Profiling if this becomes necessary.

CARRIED

7.5 Remit to Local Government New Zealand

Purpose

For Councillors to consider whether or not to support a remit to Local Government New Zealand (LGNZ) to request LGNZ to lobby Central Government to provide tax relief to building owners for the compulsory earthquake strengthening of their buildings.

Accompanied by Mr Roache, Ms Metcalf joined the table to speak to the rationale behind her Notice of Motion, clarifying that her intention was not to differentiate between those who did or did not voluntarily strengthen their buildings.

MOVED by Mayor Feyen, seconded Cr Campbell:

THAT Report 19/85 on Remit to Local Government New Zealand be received.

THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.

THAT the Finance, Audit and Risk Committee recommends that Council pursue a remit to Local Government New Zealand (LGNZ) to request LGNZ to lobby Central Government to provide tax relief to building owners for the compulsory earthquake strengthening of their buildings.

CARRIED

5.25 pm

There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD
AT A MEETING OF THE FINANCE, AUDIT & RISK
SUBCOMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....