Audit and Risk Committee

AGENDA

Notice of Meeting:

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

Date:	**Wednesday 26 March 2025**
Time:	**11.00am**
Venue:	**Hine Paaka Council Chamber, Te Whare Whakatere**
	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	
11am	Meeting commences

ORDER OF BUSINESS

4. *Audit & Risk Committee Minutes*

Minutes of the Audit & Risk Committee meeting held on Wednesday 12 February 2025, commencing at 1.00pm, in the Hine Paaka Council Chamber, Te Whare Whakatere, 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)

Due to technical difficulties Murray was unable to view the PE section of the meeting.

Also present

Crs Phill Hooper, Lynette Lovett, Rob Mackle and Tony Todd

In attendance

Hamish Riach (CE), Sarah Mosley (GM People & Facilities), Helen Barnes (GM Business Support) Neil McCann (GM Infrastructure & Open Spaces) and Carol McAtamney (Governance Support).

Staff present for the duration of their reports:

Erin Register (Finance Manager), Lauretta Artz (Accountant), Tania Paddock (Legal Counsel), Richard Wood (Sport & Recreation Manager) and Katie Perry (People & Capability Manager).

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 27 November 2024 be taken as read and confirmed.

Cameron/Wilson Carried

5 Civic Financial Services – Statement of Intent 2025

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

McMillan/Braam Carried

6 Riskpool Update

That the Audit and Risk Committee recommends that Council receives 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.

Cameron/McMillan Carried

7 EA Networks Centre Income and Expenditure

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

Braam/Ellis Carried

8 Bancorp Treasury Report – December 2024

That the Bancorp Treasury report for the December 2024 quarter be received.

Cameron/Wilson Carried

9 Management of Accounts Receivable

That the Audit and Risk Committee receives the accounts receivable report.

Wilson/McMillan Carried

Business transacted with the public excluded – 1.26pm

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:	
10	Audit & Risk Committee minutes	Section 7(2)(a)	Protection of privacy of natural persons
11	Health and Safety Report	Section 7(2)(a)	Protection of privacy of natural persons

Cameron/Mayor Carried

The meeting concluded at 1.56pm.

5. Ashburton Contracting Limited – Draft Statement of Intent 2025/26

Author	*Helen Barnes; Group Manager Business Support*
Chief Executive responsible	*Hamish Riach, Chief Executive*

Summary

- The Committee is asked to consider the draft Statement of Intent (SOI) for Ashburton Contracting Limited (ACL) for the 2025-26 year.
- ACL is a Council controlled organisation (CCO) and as such, is required to prepare, adopt and deliver to Council a draft statement of intent by 1 March each year. ACL must then consider any comments that are made by Council on the draft within two months (before 30 April 2025). After considering any shareholder comments, the company must deliver a completed SOI to Council on or before 30 June each year.
- The format and content of the SOI has followed the prior year's format.
- The Audit & Risk Committee will consider the draft Statement of Intent and refer this document and any comment to Council on 16 April 2025.

Council will approve the draft Statement of Intent, subject to agreed changes, and advise Ashburton Contracting Ltd prior to their Board meeting on 29 April 2025.

Recommendation to Council

1. **That** the Audit & Risk Committee receives the Ashburton Contracting Limited 2025-26 draft Statement of Intent and refers it to Council for approval.
2. **That** Council formally advises the ACL Board of any comments on the draft Statement of Intent before 29 April 2025.

Attachment

Appendix 1 ACL draft Statement of Intent 2025-26

Background

Background

1. ACL's draft Statement of Intent for the year 1 July 2025 to 30 June 2026 year has been received for Council comment.

2. The draft Statement of Intent sets out ACL's strategic direction for 2025-26 by showing the company's activities and intentions for the year and the objectives to which those activities will contribute.

3. The draft ACL Statement of Intent gives Council the opportunity to influence the direction of the company. It also provides a basis for the accountability of the ACL directors to their shareholders for the performance of the organisation.

4. Council, by resolution, can require the ACL Board to amend the SOI by omitting or including any of the following:

    - Objectives
    - Statements of the Board's approach to governance
    - Nature and scope of activities to be undertaken
    - Ratio of shareholder's funds to total assets
    - Accounting policies
    - Performance targets and measures by which the CCO will be judged
    - Estimates of the amount or proportion of accumulated profits or reserves that may be distributed
    - Type of information to be provided to Council, including the content of the six monthly report
    - Procedures to follow for the CCO to purchase shares in any other venture.

5. As part of its performance monitoring requirements ACL is required to report to Council at a minimum of four times per year that includes a half year report before the end of February each year and an annual report before the end of September each year.

Options analysis

Option 1 – Receive the draft statement of intent with no suggested changes (Recommended)

6. Council is required to agree to the Statement of Intent (Section 65 (2)(a) Local Government Act (2002)), or if it doesn't agree, must take all practical steps to require the Statement of Intent to be modified.

Option 2 – Receive the draft statement of intent and propose amendments

7. If the Council wished to suggest amendments then these will be forwarded to the ACL Board for consideration and possible inclusion in their final adopted statement of intent.

Legal/policy implications

8. The Local Government Act 2002 requires a council-controlled organisation to have a statement of intent. Schedule 8 of the Act outlines the content that must be included in the statement of intent including the requirement for performance measures and targets.

   Sections 66-69 of the LGA 2002 set out the company's reporting requirements.

Strategic alignment

9. The recommendation relates to Council's community outcome of *"a prosperous economy based on innovation and opportunity"* as Council encourages local economic development for all.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	Shareholding in ACL. Council's investments provide a return to the community and contributes to economic development
Environmental		
Cultural		
Social		

Financial implications

10. There are no future financial implications relating to the content of the Statement of Intent.

Requirement	Explanation
What is the cost?	Council receives a dividend return from ACL
Is there budget available in LTP / AP?	Not applicable
Where is the funding coming from?	Not applicable
Are there any future budget implications?	No
Finance review required?	No

Significance and engagement assessment

11. The making of this submission is not considered to be significant.

Requirement	Explanation
Is the matter considered *significant*?	No
Level of significance	Low
Level of *engagement* selected	1 - Inform
Rationale for selecting level of engagement	The SOI is largely same as the previous year. No wider engagement is required with the community.
Reviewed by Strategy & Policy	

Next steps

Date	Action / milestone	Comments
17 April 2024	Council will receive the Audit & Risk Committee's recommendation and outcome will be advised to ACL before 29 April 2025.	
By 30 June 2024	ACL to provide Council with the Board's adopted Statement of Intent 2025-26.	

Appendix 1

ASHBURTON CONTRACTING LIMITED

STATEMENT OF INTENT FROM 1 JULY 2025

(covering the Financial Year ending 30 June 2026)

28 February 2025

ASHBURTON CONTRACTING LIMITED

STATEMENT OF INTENT FROM 1 JULY 2025
(Covering the Financial Year Ended 30 June 2026)

1. PREAMBLE

This Statement of Intent (SOI) is required by section 64 of the Local Government Act 2002.

The Board of a Council Controlled Trading Organisation must deliver to the Council a draft Statement of Intent on or before 1 March each year. The Board must;
a) consider any comments on the draft Statement of Intent that are made to it within two months of 1 March by the Council, and
b) deliver the completed Statement of Intent to the shareholders on or before 30 June each year.

2. GOVERNANCE

Role of the Board

The collective responsibility of the Directors is to direct the management of the Company.

The Board carries out its responsibilities by setting the Company's strategic direction, providing leadership to put this into effect, appointing the Chief Executive Officer (CEO), agreeing targets and objectives and monitoring performance. The CEO has been delegated responsibility for the day-to-day management of the Company. He has an executive team to assist him.

Board Composition

The Company's Constitution provides the Board will consist of not more than five directors of whom not more than one shall be a member or employee of any Local Authority. Directors of the Company are appointed by the shareholder by notice in writing to the Company. The term of appointment shall be for a maximum period of three years, but may be for a lesser period as specified by Council at the time of appointment. Retiring directors are eligible for re-election.

Board Meetings

Each year there are a minimum of eleven scheduled directors' meetings. The Board is able to meet at other times if there is business to be conducted. Any two directors have the power to summon a meeting of the Board.

Remuneration of Directors

The Shareholder by ordinary resolution from time to time sets a total maximum amount payable for annual directors' fees divided among the directors as they consider appropriate.

Director's Fees may be reviewed on an annual basis with a maximum review interval of two years. The Directors shall engage an independent consultant to provide a recommendation to the Shareholder.

Board Interaction with Management

Board policy is to make site visits to view Company operations and to familiarise directors with issues associated with the business. These visits usually involve interaction between directors and management and direct access to employees when their particular area of expertise is required. Most contact is with the CEO whom the Directors hold accountable for the operational performance of the Company.

Directors Obligations

Directors' Interests

A Directors' Interests Register is maintained and records particulars of notices given by Directors in regard to positions and shareholdings held in other companies and entities. The Register is reviewed annually as part of the Company's annual reporting process. All Board Meetings contain an agenda item addressing any changes to Directors Interests or Conflicts of Interest.

Officers Interests

A Register of interests of senior management is maintained.

Directors' and Officers' Insurance and Indemnity

The Company has arranged Directors' and Officers' Liability Insurance which ensure directors and officers will incur no monetary loss as a result of actions undertaken by them as directors and officers. Certain actions are specifically excluded, for example, criminal acts and the incurring of penalties and fines which may be imposed in respect of breaches of law.

Financial Results

Management prepare monthly accounts which are provided to the Directors as part of the Board Report for review.

Unaudited half yearly summary reports are prepared for the Ashburton District Council.

The Company prepares Annual Accounts which are audited by Audit New Zealand. The directors review and sign the Annual Accounts which are incorporated in the Annual Report.

External Auditor

Section 70 of the Local Government Act 2002 requires that the Auditor General is the auditor of Council Controlled Organisations.

3. OBJECTIVES

The principal objectives of Ashburton Contracting Ltd are in accordance with section 59 of the Local Government Act 2002 to:

a) be a successful business; and
b) be a good employer; and
c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
d) conduct its affairs in accordance with sound and ethical business practice.

4. NATURE AND SCOPE OF ACTIVITIES

The nature of the Company's activities are that of civil and roading contracting and associated sectors. Its activities include excavation, transport, construction, drainage, civil works, pipeline installation and surfacing (chip sealing/hotmix).

The company manufactures hotmix and readymix concrete.

The company has vehicle repair workshops and paint shop which service internal and external customers.

The company carries out quarrying and the supply of aggregates and landscaping products.

The company maintains water, sewer and wastewater facilities.

The company is a partner in the Lake Hood Extension Project (LHEP) joint venture.

The company supplies goods, materials, services and equipment for sale or hire.

The company engages in any other relevant activity as determined by the directors in consultation with the Shareholder from time to time.

5. RATIONALE AND OBJECTIVES FOR ASHBURTON DISTRICT COUNCIL OWNERSHIP

The rationale for the ongoing ownership of the Company in terms of contributing to the Ashburton District Council Long Term Plan is;

a) To ensure local capacity and capability to undertake civil works, particularly focused on infrastructure.

b) To promote competition in the district for civil construction and maintenance activities.

c) To form part of a balanced portfolio of Council investments.

d) To provide a commercial rate of return on the Council's investment.

e) Assist Ashburton District Council in civil emergencies.

6. PERFORMANCE MEASURES

a) Budgeted profit before tax for ACL Parent is achieved. ACL Parent excludes Joint Ventures.

b) The annual rate of return on ACL Parent average shareholder's funds will be a *target* of *10%* before tax based on the rolling average of the last 5 years (excluding any subvention payments and the before tax profit or loss relating to the LHEP).

c) The Company will achieve its annual budgeted external revenue.

d) Health & Safety:

   i. The Company will maintain its ISO 45000 Health and Safety certification.

   ii. The Company will strive to reduce its lost time injury (LTI) frequency rate year upon year.

   iii. The Company will strive to reduce its medical treatment injury (MTI) rate year upon year.

e) Environmental: The Company will maintain its ISO 14001 Environmental certification.

f) Quality Systems: The Company will maintain its ISO 9001 Quality certification.

g) The Company will comply with the Resource Management Act.

h) The Company will ensure business management procedures and practices meet with the requirements of the Auditor such that the Company receives an unqualified audit report of its annual Financial Statements.

i) Environmental Sustainability: The Company will monitor and work to reduce its carbon outputs. The Company's ability to reduce carbon outputs is subject to ongoing advancements in technology and the capability of the supply chain to provide cost effective solutions for the reduction of carbon.

7. LAKE HOOD EXTENSION PROJECT (LHEP) POLICY

The Company will actively participate in and manage the performance of its investment in the Lake Hood Extension Project and report on its progress in the Notes to the Financial Statements of the Annual Report.

8. FINANCIAL FORECASTS

The budget projection for the year ending 30 June ***2026*** and forecast projections for each of the years ending 30 June ***2027*** and 30 June ***2028*** will be disclosed to the shareholder, on a confidential basis, in a timely manner to enable the Council to incorporate this information in its Annual Plan.

9. RATIO OF EQUITY TO TOTAL ASSETS

a) Equity is defined as the paid-up capital, plus any tax paid profits earned and less any dividends distributed to shareholders. They include undistributed profits which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves".

b) Total Assets are defined as the sum of all current assets, investment assets and fixed assets of the Company.

c) The ratio of Equity to Total Assets will be no less than 50%.

10. DIRECTORS' ESTIMATE OF THE COMPANY VALUE

The Directors estimate that the commercial value of the shareholder's investment in Ashburton Contracting Ltd will be represented by the opening balance of Equity.

11. REPORTING TO SHAREHOLDER

The Company will report to the Shareholder on both a regular basis and as and when necessary. The following information will be available to the shareholder based on an annual balance date of 30 June:

11.1 Draft Statement of Intent

The Directors shall deliver to the shareholder a Draft Statement of Intent on or before 1 March each year which fulfils the requirements of section 64 of the Local Government Act 2002.

11.2 Completed Statement of Intent

The Directors shall deliver to the shareholder a completed Statement of Intent on or before 30 June each year, which fulfils the requirements of section 64 of the Local Government Act 2002.

11.3 **Reporting**

Within two months after the end of the first half and the second half of each financial year, the Directors will meet with the shareholder and deliver to the Shareholder, a report containing the following unaudited information as a minimum in respect of the period year under review:

a) An Income Statement disclosing actual and budgeted revenue and expenditure and comparative figures for the same period in the previous financial year.
b) A Statement of Changes in Equity with comparative figures for the same period in the previous financial year.
c) A Balance Sheet period with comparative figures for the same period in the previous financial year.
d) An abbreviated Statement of Cash Flows with comparative figures for the same period in the previous financial year.
e) A commentary on the results for the period under review. Where the Report is in respect of the first six months, the report will contain an outlook for the second six months with reference to any significant factors that are likely to have an effect on the Company's performance, including an estimate of the financial result for the year based on that outlook.
f) Commentary on the Company’s performance with regard to Health and Safety including appropriate graphical information on the Company’s performance and KPIs.

11.4 **Quarterly Reports**

In addition, an abbreviated report, content to be agreed between the Board and the Ashburton District Council to maintain an overview on the Company and its operations, be provided at quarterly intervals between the half yearly report and the annual report.

11.5 **Annual Report**

Within three months of the end of each financial year, the Directors shall deliver to the Shareholder, an Annual Report which shall contain audited Financial Statements in respect of the financial year, containing the following information as a minimum:

a) A Directors’ Report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.

b) An Income Statement disclosing actual and budgeted revenue and expenditure with comparative figures from the previous Annual Report.

c) A Statement of Changes in Equity at the end of the year with comparative figures from the previous Annual Report.

d) A Balance Sheet at the end of the year with comparative figures from the previous Annual Report.

e) A Statement of Cash Flows with comparative figures from the previous Annual Report.

f) An auditor's report on the above statements and the measurement of performance in relation to objectives.

12. ACCOUNTING POLICIES

The accounting policies adopted for Ashburton Contracting Limited are documented in Appendix 1. The Company will report at 30 June 2025 under NZ IFRS Tier 1 of the New Zealand Accounting Standards Framework as a large, for-profit entity that has annual expenses exceeding $30m.

13. DIVIDEND POLICY

13.1 ACL is committed to maximising the long-term sustainable distribution flow to the shareholder and maintain a distribution intent of paying 50% of any net after-tax return to the shareholder, subject to capital requirements of the Company. Any distribution needs to be prudent in the circumstances and meet Solvency Tests.

13.2 The ACL Parent Profit after Tax excludes any realised capital gains/losses, revaluation movements, any material one-off non-cash items, and any after tax profits/losses arising from Joint Ventures.

13.3 Some, or all, of the distributions to the Shareholder may be made, with agreement of the Shareholder, by subvention payment or other mutually agreed method after taking account of all tax considerations.

14. CHARITABLE GIFTS POLICY

14.1 The Company may make charitable gifts to qualifying entities in terms of the Income Tax Act 2007. Qualifying entities are those entities which are not carried on for private pecuniary profit and whose funds are wholly applied to charitable, benevolent, philanthropic or cultural purposes within New Zealand. The limit of the gifts is the level of taxable income for the Company. Charitable gifts for less than $20,000 in total in any one financial year will not require prior formal approval of the Ashburton District Council.

14.2 Any charitable gift in excess of $20,000 must have the formal agreement of the Company Directors and the Ashburton District Council regarding the recipient qualifying entity, the project and the amount of the gift.

15. PROCEDURES FOR ACQUISITION OF INTERESTS IN OTHER COMPANIES OR ORGANISATIONS

15.1 As a general policy, any proposed investment by the Company in other companies or organisations will be required to meet the weighted average cost of capital (WACC) of the proposed investment(s).

15.2 If the directors believe that the Company should invest in, or otherwise acquire, an interest in another company or organisation, the directors will obtain prior approval of the shareholder by special resolution.

16. SALES OF GOODS/ SERVICES TO LOCAL AUTHORITIES

16.1 The Company will provide goods and services to the Ashburton District Council as part of its normal business activities. These goods and services shall be charged for on a commercial basis.

16.2 Ashburton Contracting Limited, under any contract with Ashburton District Council, will be required to meet levels of service determined by the Council.

Appendix I

ACCOUNTING POLICIES

Significant Accounting Policies
Ashburton Contracting Limited (the "Company") is a company domiciled in New Zealand.

The Company is a Council Controlled Trading Organisation as defined in Section 6 (1) of the Local Government Act 2002, wholly owned by the Ashburton District Council and is a profit-orientated entity for financial reporting purposes.

The Company's business includes contracting for physical works, both maintenance and construction, offering goods and services for sale and plant and equipment for hire. These activities occur predominantly in the Ashburton district and immediate surrounding areas and may be undertaken in other geographical areas.

Statement of Compliance
The financial statements have been prepared in accordance with the Companies Act 1993, Generally Accepted Accounting Practice in New Zealand (NZ GAAP), the pronouncements of the Chartered Accountants of Australia and New Zealand (CAANZ) and they comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Company is a Tier 1 for-profit reporting entity under the New Zealand Accounting Standards Framework on the basis that it is a large, for-profit entity that has annual expenditure over $30 million. The Company has in previous years elected to report under the reduced Tier 2 disclosure regime. The Company has in some cases chosen to include information within its accounts used for the financial reporting requirements of its parent.

Basis of Preparation
The financial statements are presented in New Zealand dollars, rounded to the nearest thousand. They are prepared on the historical cost basis except for Land and Buildings, Investment Properties, and certain other investments, which are stated at fair value.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except where otherwise stated.

Changes in Accounting policies and disclosures

<u>New and amended standards and interpretations</u>
The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Property, Plant and Equipment

<u>Owned Assets</u>
Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses, except for Land and Buildings which are valued annually by a registered valuer and are stated at fair value.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Costs
Further expenditures are added to cost only if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense when incurred.

Depreciation
Depreciation is charged to profit or loss on either straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Lower value assets (cost less than $50,000) are depreciated at the current maximum rates allowed by the Inland Revenue Department as these rates approximate the useful lives and residual values associated with these assets. Land is not depreciated.

The estimated useful lives are as follows:

- Buildings 30- 50 years
- Plant and Equipment 3-38 years
- Office Equipment & Fixtures 3-10 years
- Land Improvements 20 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Intangible Assets
Intangible assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets with a finite life is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful life of software is three to ten years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating-unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Inventories
Inventories are stated at the lower of cost or net realisable value using weighted average. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

Civil construction and contracting
Civil construction and contracting services include drainage, sealing, asphalt laying, utilities and rural contracting.

Construction services within a contract are deemed to represent a single performance obligation, which is satisfied progressively over the construction period. Performance is measured using an output method, by reference to regular progress claims and assessments by client contract engineers.

Any expected loss on construction contracts is recognised immediately as an expense in profit or loss.

Any variable consideration, such as liquidated damages, included in the Company's revenue contracts is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Payment is due as specified in the payment schedules.

Rendering of services

Contracts for workshop and transport services are comprised of one performance obligation, with revenue being recognised over time. Payment is generally due upon completion and acceptance by the customer. An input method (cost incurred) is used as a measure of progress.

Production and sale of goods

The Company earns revenue from the sale of goods, including ready-mix concrete and aggregates. Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery. Payment is generally due based on standard 30-day trading terms.

Contract assets, contract liabilities and trade receivables

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable. Trade receivables are measured at the transaction price determined under NZ IFRS 15.

When an amount of consideration is received from a customer prior to the Company transferring a good or service to the customer, the Company recognises a contract liability.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies the simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Warranties

The Company provides for defects liability periods in accordance with NZ IAS 37.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of less than 3 months. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments

Other Investments

Investments in equity securities held by the Company are recorded at fair value through profit or loss.

Advances and other financial assets at amortised cost

If there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the instrument.

Joint Venture

The Joint Venture has been incorporated into the financial statements using the equity method.

Impairment of non-financial assets
The carrying amount of the Company's assets other than inventories are reviewed at each balance date to determine whether there is any objective evidence of the indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss. For revalued assets the impairment loss is recognised in other comprehensive income for that asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in profit or loss.

Reversal of Impairment

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. For revalued assets the reversal of an impairment loss is recognised in other comprehensive income and credited to the revaluation reserve. However, to the extent that an impairment loss for that asset was previously recognised in profit or loss, a reversal of the impairment loss is also recognised in profit or loss.

Income Tax
Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of any deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates or substantively enacted at the balance date.

Current tax and deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income, in which case the tax is dealt with in other comprehensive income.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Employee Entitlements
The Company has made provision in respect of entitlements for annual leave, long service leave, and retirement gratuities. The provision is calculated on an actual entitlement basis at current rates of pay.

The Company recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Company anticipates it will be used by staff to cover those future absences.

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in profit or loss when they are due.

Expenses

Net Financing Costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested and dividend income. Interest income is recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date the Company's right to receive payment is established.

Trade and Other Payables
Trade and Other Payables are stated at amortised cost. Due to their short-term nature, they are not discounted.

Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Loans
Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment.
The impact of Covid-19 has been considered in the impairment assessment. The impact on the company was not significant and has not resulted in any impairment of goodwill.

Impairment of Goodwill

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The amount of the impairment loss is measured as the difference between the assets carrying amount and the recoverable amount.

An impairment loss in respect of goodwill is not reversed.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their market value less cost to sell and value in use.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For an asset that does not generate largely independent cashflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of an asset carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.
An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimated use to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if not impairment loss had been recognised.

Leases

Right-of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

Lease liabilities

At commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. These lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of an option reasonably certain to be exercised by the Company and penalties for terminating the lease if the lease term reflects the Company's exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses a borrowing rate at the lease commencement that best represents the term of the lease. For plant and vehicle leases the company uses the Bank fixed interest rate for the term of the lease and for property, an appropriate market yield is used. After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases i.e. those with a lease term of 12 months or less from the commencement date with no purchase option.

The Company also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Management has defined this as assets which are, when new, valued at $7,000 or less.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Goods and Services Tax (GST)

All amounts are shown exclusive of GST, except for trade receivables and payables that are stated inclusive of GST.

New Accounting Standards

Not applicable.

6. New Zealand Mutual Liability Riskpool Receipt of Call Letter

Author *Erin Register; Finance Manager*
Executive Team Member *Helen Barnes, Group Manager – Business Support*

Summary

- The purpose of this Report is for the Audit and Risk Committee to receive this letter dated 4 March from New Zealand Mutual Liability Riskpool (Riskpool).
- Riskpool signalled in December 2024 there would likely be another call to member councils. The value of Ashburton District Council's contribution is $17,404 plus GST.
- Council's ongoing liability remains, as Riskpool is still not able to wind up their operation pending resolution of existing claims. Riskpool have indicated there may be claims on further funding shortfalls from prior years.
- Due to the level of complexity and the unknown quantum, there is no way to determine Ashburton District Council's ongoing liability, or the timeframe. Council maintains the risk of having to make further unbudgeted payments in the future.

Recommendation to Council

1. **That** Council receives the Report and notes the requirement to make payment of $17,404 plus GST to New Zealand Mutual Liability Riskpool.

Attachment

Appendix 1 Riskpool Call to Members

Background

1. 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. The Local Government Mutual Funds Trustee LTD (LGMFT) is the trustee of Riskpool and can call on its members for financial support for each of Riskpool's funds.

3. 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 have not been able to maintain this competitive advantage.

4. As a result Riskpool made the decision to cease providing cover from 01 July 2017 and has been in run-off mode for the last seven-plus years. All members maintain a liability until Riskpool is formally wound up.

5. In the Riskpool Annual Reports in 2020 and 2021 Riskpool advised members that they were expecting to make a final call prior to wind up.

6. Riskpool issued further correspondence in June 2023 to advise Council that there are now additional claims to be resolved and some involve court proceedings. Some of these claims involve late notification issues, as their claims were not notified to Riskpool until after the members had left the scheme.

7. Further claims are scheduled for trial in August and September 2025, for which the potential for future claims is unknown.

The current situation

8. The most recent communication, 4 March (Appendix 1) attached, Riskpool has identified contribution shortfalls over four prior financial years (years 10, 13, 14 and 15) totalling $2.498 Million, of which Ashburton District Council now has a liability of $17,404, plus GST.

9. Riskpool is still not able to wind up due to outstanding claims. Once the obligations from outstanding claims have been met, each fund year will complete a finalisation process, ultimately resulting in the winding down of the Riskpool scheme.

Legal/policy implications

10. Council, as a former member of Riskpool, has a legal obligation to pay the final call to Riskpool, once LGMFT make any final call/s.

Review of legal / policy implications	
Reviewed by In-house Counsel	*Tania Paddock; Legal Counsel*

Strategic alignment

11. The recommendation relates to Council's community outcome of Economic because of potential future costs.

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

Financial implications

12. The call amount of $17,404 will be covered by existing budgets.

13. Future financial implications remain unknown.

Requirement	Explanation
What is the cost?	$17,404 plus GST for this call.
Is there budget available in LTP / AP?	The amount will be funded from within existing budgets.
Where is the funding coming from?	The amount will be funded from within existing budgets.
Are there any future budget implications?	Future financial implications remain unknown.
Reviewed by Finance	Helen Barnes; Group Manager - Business Support

Significance and engagement assessment

14. This is not deemed significant.

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Rationale for selecting level of significance	Councils current liability is minimal and remains a low level risk. However, future risk remains unknown and is dependant on future claims.
Level of engagement selected	Inform
Rationale for selecting level of engagement	This is a report for information and does not trigger community engagement. The community will be informed through the usual channels.
Reviewed by Strategy & Policy	

Appendix 1

Riskpool
NEW ZEALAND MUTUAL LIABILITY RISKPOOL

4th March 2025

Hamish Riach

Ashburton District Council

PO Box 94

ASHBURTON 7740 hamish.riach@adc.govt.nz

Riskpool: Call to Members

Dear Hamish

We would like to thank members for your ongoing support and engagement as we continue to manage legacy claims and advance the process of winding down the Riskpool scheme.

As we signalled in our last letter in December, Riskpool anticipated the need to make at least one call on members in 2025 to fund deficits in previous fund years. Riskpool has carried out a review of its current and future liabilities and a call for $2.498 million is necessary (across the membership, not per individual member).

Riskpool is engaged in significant domestic litigation. Since the Supreme Court decision in *LGMFT v Napier City Council [2023] NZSC 97,* which addressed claims involving both weathertight and non-weathertight issues, Riskpool has accepted three claims, including the Napier City Council claim, for two separate members.

There are several other claims that involve the same issue that the Supreme Court ultimately decided. However, these other unresolved claims differ to the three accepted claims above in that they were all declined by Riskpool due to late notification issues. Several claims are scheduled for trial in August and September 2025 and Riskpool is working closely with our instructed lawyers to ensure the cases are ready for trial.

Concurrent to this domestic litigation, Riskpool is engaged in an ongoing dialogue with reinsurers and brokers in London in order to obtain sufficient cover for liabilities arising out of domestic litigation.

This is a complex process and has required the instruction of legal experts to advise on how best to approach the markets and secure cover for any existing or future liabilities.

This ongoing work is consuming considerable resources (both in-house and externally). We acknowledge the financial pressures that councils face and we remain committed to operating as efficiently as possible to maximise value for our members. We remain mindful of the need to protect members mutual interests by ensuring that issues of liability and quantum, which arise in claims made against the Riskpool Scheme, are properly established and cover provided, including re-insurance, where appropriate.

By way of background, the Riskpool scheme ran for 20 years and has returned $178.7 million in claims to its members in comparison to $147.5 million in contributions over that period. The cover under the Riskpool Scheme was arranged on a Fund Year basis from 1 July to 30 June. Members made an initial contribution to cover estimated claims and expenses arising from the Fund Year, with any deficits to be funded by further calls upon Members in proportion to their initial contribution. Any surplus can either be returned to Members or rolled into a future Fund Year.

In aggregate, over all Fund years, Riskpool has incurred more in claims and expenses (before allowing for claims provisions) than has been received as contributions and calls from Members. This shortfall has historically been funded by way of a temporary loan from Civic Financial Services. In addition, there is more to be paid in respect of currently open claims spread across a few different Fund Years.

The Board has resolved to make a call on Members to pay a contribution to fund the deficits for Fund years 10, 13, 14 and 15, being:-

• Fund Year 10	$0.025 million
• Fund Year 13	$1.672 million
• Fund Year 14	$0.480 million
• Fund Year 15	$0.321 million
Total	**$2.498 million**

This compares to a total call of $12.88 million made in November 2023.

Riskpool's actuaries, Melville Jessup Weaver have calculated the required contribution from each Member for those Fund years.

The amount of the call for Ashburton District Council will be $17,404 (excl GST) as calculated in the table attached to this letter. This is payable on 15 April 2025 (or earlier if you wish). An invoice from Riskpool for this amount is attached.

Once Riskpool has met the obligations noted above there will be a process of finalising each Fund Year. This will entail:

- Continuing to operate Riskpool until all claims are settled.
- Issuing further calls upon members for Fund Years still in deficit. The quantum of future calls will depend on the outcome of the late notification issues in respect of outstanding mixed defect claims and the reinsurers' position. Depending on how these develop, Riskpool expects that a further call to members for funding may be necessary within the next 12 months.
- For Fund Years in surplus either:
  - Returning funds to members, or
  - Offsetting against later Fund Years in deficit.

If you have any questions, please contact Stephen Ferson, Riskpool's Acting General Counsel, at: stephen.ferson@riskpool.org.nz.

Yours sincerely

Charlie Howe
CEO Civic Financial Services Ltd

Marty Grenfell
Chair of LGMFT (Riskpool)

Member	2006/07 Fund Year 10		2009/10 Fund Year 13		2010/11 Fund Year 14		2011/12 Fund Year 15		Total
	Initial Contribution	2025 call	Initial Contribution	2025 call	Initial Contribution	2025 call	Initial Contribution	2025 call	2025 call (excl GST)
Ashburton District Council	$31,672	$92	$26,000	$10,607	$31,000	$3,965	$33,000	$2,740	$17,404

Riskpool
NEW ZEALAND MUTUAL LIABILITY RISKPOOL

PO Box 5521
Wellington 6140

Phone: 04 978 1250
Fax: 04 978 1260

TAX INVOICE

GST No:	71-101-940
Invoice No:	C0232
Order No:	
Date:	03/03/2025

Ashburton District Council
PO Box 94
ASHBURTON 7740

Client No: 0001

Call FY10 (2006/07), FY13 (2009/10), FY14 (2010/11), FY15 (2011/12)

Riskpool Call 2025	Contribution:	$17,404.00

Sub-total	17,404.00
GST	2,610.60
Total Due NZD	**$20,014.60**

AMOUNT NOW DUE FOR PAYMENT
Please pay by 15.04.2025

Payment can be made by:

* **Direct Credit to our Bank Account: 01-0527-0061803-28**
* **Please ensure that the Invoice no: C0232 is quoted.**
* **Please send remittance to lgadmin@civicfs.co.nz**

7. Transwaste Dividend

Author *Erin Register; Finance Manager*
GM Responsible *Helen Barnes; Group Manager Business Support*

Summary

- The purpose of this report is to update the Council on Transwaste dividends for the year ended 30 June 2025.

Recommendation

1. **That** Council receives the Transwaste dividends report.

Attachment: Transwaste 2025 Interim Dividend

Background

1. Council holds 600,000 shares in Transwaste Canterbury Ltd, which equates to 3% of the total shares (total shares being 20,000,000).

2. Transwaste Canterbury Ltd owns Tiromoana Station Ltd, which owns the land at Kate Valley and the landfill site, and the Burwood Resource Recovery Park (BRRP), which was set up to receive and process demolition material from the Christchurch earthquakes.

3. The net interim dividend received from Transwaste is $210,000.

Options analysis

Option 1 – Receive the Report

4. There are no options other than to receive the report, which is for information only.

Legal/policy implications

5. There are no legal /policy implications as a result of receiving this report.

Strategic alignment

6. The recommendation relates to Council's community outcome of Economic and Social because it benefits the ratepayers (both commercial and residential) by reducing the reliance on rates to support the district's needs which in turn, supports Ashburton district in being an affordable place to connect, grow, live, work and play.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	Dividends reduce reliance of rates, supporting businesses to prosper in Ashburton district.
Environmental		
Cultural		
Social	✓	Dividends offset the cost of rates keeping it an affordable to live for families.

Financial implications

7. Dividends from Transwaste Canterbury Ltd received in the current year report at $439,500 against a full year budget of $500,000.

Requirement	Explanation
What is the cost?	Not applicable
Is there budget available in LTP / AP?	Not required as receiving funding.
Where is the funding coming from?	Not applicable
Are there any future budget implications?	Any shortfall in Dividends will go against the dividend reserve.
Finance review required?	

Significance and engagement assessment

8. The report is for information only. There are no significance and engagement issues.

Requirement	Explanation
Is the matter considered *significant*?	No
Level of significance	Low
Level of *engagement* selected	Inform –One-way communication
Rationale for selecting level of engagement	The report is information only.
Reviewed by Strategy & Policy	Mark Low; Strategy and Policy Manager

PO Box 11337
Sockburn
CHRISTCHURCH

Ashburton District Council
PO Box 94
ASHBURTON 7740

28-Feb-2025

Statement of Dividend Payment

Declared	*20-Feb-2025*
Payable	*28-Feb-2025*

Gross Dividend		291,666.67
Less Imputation Credits		(81,666.67)
Net Dividend		210,000.00
Less RWT		-
		210,000.00
Plus Equalisation per CRLJC advice		
CCC		-
Waimakariri DC		-
Net Payable	**$**	**210,000.00**

The payment represents your share of the fully imputed interim dividend for the 2025 year totalling $7,000,000

8. *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 – February 2025

Recommendation

That the EANC income and expenditure report be received.

Ashburton District Council
EA Networks Centre - Income & Expenditure Report
for period ending 28 February 2025

	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%**	**24%**	**26%**	**31%**	**0%**						
Fees	2,045	(91)	176,384	191,399	104,786	348,613	1,696	824,830	859,466	(34,636)	1,289,199	(464,369)	64%
Membership	0	0	35	113,470	232,236	0	0	345,741	494,661	(148,920)	741,991	(396,250)	47%
Grants & Subsidies	1,000	0	0	0	0	51,127	0	52,127	40,000	12,127	60,000	(7,873)	87%
Sales	0	56,334	0	0	0	0	0	56,334	60,000	(3,666)	90,000	(33,666)	63%
Sundry Income	0	0	0	6,140	2,750	0	0	8,890	40,000	(31,110)	60,000	(51,110)	15%
	3,045	56,243	176,419	311,009	339,772	399,740	1,696	1,287,922	1,494,127	(206,205)	2,241,190	(953,269)	57%
Operating Expenses		**2%**	**21%**	**44%**	**17%**	**16%**	**0%**						
Variable costs													
Financial / Professional Costs	25,464	0	0	0	0	0	147	25,611	28,000	(2,389)	34,000	8,389	75%
Promotional Costs	7,608	0	0	3,255	381	795	0	12,038	13,333	(1,295)	20,000	7,962	60%
General Costs	0	52	953	4,259	256	104	0	5,624	21,933	(16,309)	36,650	31,026	15%
Purchases	5,711	27,624	15,584	7,130	6,082	599	76	62,806	96,267	(33,461)	144,400	81,594	43%
Energy & Pool Costs	0	0	29,410	248,310	14,705	26,571	547	319,542	358,333	(38,791)	537,500	217,958	59%
Centre Maintenance	120,919	0	16,099	212,397	3,531	0	5,820	358,768	361,733	(2,966)	513,600	154,832	70%
Total Variable Cost	159,702	27,676	62,047	475,351	24,955	28,069	6,590	784,389	879,600	(95,211)	1,286,150	501,761	61%
Fixed costs													
Personnel Costs	507,766	0	43,516	461,349	371,768	334,718	0	1,719,117	1,756,138	(37,021)	2,538,261	819,145	68%
Insurance	16,087	12	3,489	2,322	23,602	4,632	0	50,143	13,382	36,761	20,073	(30,070)	250%
Office Costs	23,314	2,119	33,414	39,867	22,360	6,616	530	128,219	201,931	(73,712)	302,897	174,678	42%
Property Costs	11,613	0	0	505	0	0	0	12,118	24,125	(12,007)	36,000	23,882	34%
Interest	5,336	0	0	0	223	0	0	5,559	5,013	547	7,519	1,960	74%
Internal Rental	0	21,968	360,103	268,087	52,224	0	0	702,382	702,382	0	1,053,573	351,191	67%
Centre Overhead	(720,774)	728	209,952	261,943	91,849	156,303	0	(0)	0	(0)	0	(0)	
Total Fixed Cost	(156,657)	24,826	650,473	1,034,072	562,025	502,268	530	2,617,537	2,702,970	(85,433)	3,958,323	(1,340,785)	66%
	3,044	52,502	712,520	1,509,423	586,980	530,337	7,120	3,401,927	3,582,570	(180,643)	5,244,473	(1,842,546)	65%
Operating Profit (Loss)	0	3,740	(536,101)	(1,198,415)	(247,209)	(130,597)	(5,424)	(2,114,005)	(2,088,443)	(25,562)	(3,003,282)	(114,244)	70%
Non-Operating Income & Expenses													
Rates & Contributors	2,915,433	0	0	0	0	0	0	2,915,433	2,863,815	51,618	4,295,723	1,380,290	68%
Other Income	0	0	0	0	600	0	0	600	0	600	0	(600)	0%
	2,915,433	0	0	0	600	0	0	2,916,033	2,863,815	52,218	4,295,723	1,379,690	68%
Council Overhead Expense	594,149	0	0	0	0	0	0	594,149	634,759	(40,610)	952,139	357,990	62%
Depreciation	132,857	0	59,083	35,250	56,653	0	417	284,261	268,987	15,274	403,480	119,219	70%
	727,006	0	59,083	35,250	56,653	0	417	878,410	903,746	(25,336)	1,355,619	477,209	65%
Total Income	2,918,478	56,243	176,419	311,009	340,372	399,740	1,696	4,203,955	4,357,942	(153,987)	6,536,913	426,421	64%
Total Expenditure	730,050	52,502	771,603	1,544,673	643,634	530,337	7,537	4,280,336	4,486,316	(205,980)	6,600,091	(1,365,337)	65%
Overall Activity Profit / (Loss)	**2,188,427**	**3,740**	**(595,184)**	**(1,233,665)**	**(303,262)**	**(130,597)**	**(5,841)**	**(76,382)**	**(128,374)**	**51,992**	**(63,178)**	**788,237**	
Capital Expenditure and Loan Repayments													
Loan Principal Repayment	12,800	0	0	0	0	0	0	12,800	7,215	5,586	10,822	(1,978)	118%
Capital Expenditure	333,306	0	35,465	41,781	16,873	0	0	427,426	702,000	(274,575)	1,035,500	608,075	41%

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