

## Audit, Risk & Finance Committee

19 March 2020



### *Audit Risk & Finance Committee Minutes*

Minutes of the Audit, Risk & Finance Committee meeting held on Thursday 19 March 2020, commencing at 1.30pm, in the Council Chamber, 137 Havelock Street, Ashburton.

#### **Present**

His Worship the Mayor, Neil Brown; Councillors Leen Braam (Chair), John Falloon, Carolyn Cameron, Liz McMillan and Stuart Wilson; Murray Harrington (external appointee via Zoom).

#### **Also present:**

Councillors Angus McKay and Diane Rawlinson.

#### **In attendance**

Hamish Riach (Chief Executive), Paul Brake (GM Business Support), Jane Donaldson (GM Strategy & Compliance), Neil McCann (GM Infrastructure Services), Rachel Sparks (Finance Manager), Toni Durham (Strategy & Policy Manager), Rachel Thomas (Policy Advisor), Chris Stanley (3Waters Engineer), Bevan Rickerby (Economic Development Manager), Ruben Garcia (Communications Manager) and Phillipa Clark (Governance Team Leader).

#### **Presentation:**

Experience Mid Canterbury 1.40pm- 2.09pm

#### **1 Apologies**

Nil.

#### **2 Extraordinary Business**

Nil.

#### **3 Declarations of Interest**

Nil.

#### **4 Confirmation of Minutes 4/02/20**

**That** the minutes of the Audit, Risk & Finance Committee meeting held on 4 March 2020, be taken as read and confirmed.

Cameron/McMillan

Carried

#### **5 Ashburton Airport Authority Subcommittee – 5/03/20**

**That** the Committee receives the minutes of the Ashburton Airport Authority Subcommittee meeting held on 5 March 2020.

Falloon/McMillan

Carried

#### **• Drones**

The Commercial Manager confirmed the requirement for drone operators to check the field operations area on AirShare and geo-fence the property they will fly over.

- **Airport Authority Subcommittee terms of reference**

#### **Recommendation to Council**

**That** Council adopts the Ashburton Airport Authority Subcommittee terms of reference.

Falloon/Cameron

Carried

#### **6 Experience Mid Canterbury Quarterly Report**

James Urquhart and Bruce Moffat were welcomed to the meeting.

- *Funding request*

Under the circumstances of COVID-19, EMC have withdrawn their request for additional annual funding of \$90,000 and an additional \$36,831 for audit and governance fees.

The presenters commented on the impact that the Covid-19 pandemic will have on tourism, noting

- Spending has increased by \$1m since the EMC report was written but it's expected that will fall by \$3-5m in the March report.
- EMC have been advised to hold off on any marketing internationally and have limited domestic marketing.
- Approximately \$500k of forward bookings have been cancelled in the past few weeks just for this district.
- ChChNZ started a campaign about three weeks ago, which EMC is involved in, but it's now on hold.
- ChCh Airport have agreed to remain as a partner.
- Central government released a \$1m campaign three months ago specifically for tourism agencies to canvas the domestic market, because of the COVID-19 outbreak.
- Methven i-Site has had its worst summer period on record. EMC is looking at its whole operation, including ways that the i-Site can be supported.
- EMC is championing an approach with ChChNZ to ensure that when the market is ready, EMC will be back with its partners.

**That** the Committee receives the Experience Mid Canterbury Quarterly report.

McMillan/Mayor

Carried

#### **7 Experience Mid Canterbury Draft Statement of Intent 2020-21**

Key changes to the 2020-21 draft were noted.

The Committee asked for an additional measure to be added to the draft statement of intent to show the Methven i-Site's gross profit.

#### **Recommendation to Council**

**That** Council receives the Experience Mid Canterbury 2020-21 draft Statement of Intent and make any comments on the draft Statement of Intent to the EMC Board by 30 April 2020.

McMillan/Cameron

Carried

#### **8 Ashburton Contracting Ltd Draft Statement of Intent 2020-21**

#### **Recommendation to Council**

**That** Council receives the Ashburton Contracting Limited 2020-21 draft Statement of Intent and make any comments on the draft Statement of Intent to the ACL Board by 30 April 2020.

Mayor/Cameron

Carried

**9 Appointment and Remuneration of Directors of Council Organisations Policy**

The Policy Advisor noted minor changes and agreed to provide the rationale for Council's involvement in RDR Management Ltd, which will be updated in the draft policy document for Council's consideration on 9 April.

**Recommendation to Council**

**That** Council adopts the revised Appointment and Remuneration of Directors of Council organisations policy, with the next review scheduled for 2025.

Cameron/Wilson

Carried

**10 Drinking Water Review**

The Policy Advisor outlined the report, noting that the cost/benefit analysis will be presented to Council later in the year. The Committee heard that the Residential D metering is being addressed in a separate report as work in that area has already started and it's separate to the funding of the entire service.

The Committee supported the proposal to address this matter after item 11.

**That** the recommendation lies on the table until item 11 is dealt with.

McMillan/Cameron

Carried

**11 Drinking Water Review – Residential D metering**

The Policy Advisor responded to questions noting that volumetric quantities are not addressed in this recommendation but instead will be shown in the LTP. There will be opportunity to make changes through the Revenue & Financing Policy, which is currently being reviewed for adoption next year.

The proposal to install water meters on the remaining Residential D properties, without charging, wasn't fully supported. Councillors opposing the recommendation asked whether it is fair that some and not all Residential D property owners are being charged for water use. They suggested that water meter charges be removed for Residential D properties until such time that all property owners are connected.

Members speaking in support of the proposal noted the intention to have the meters installed in the 2020-21 financial year. The 3Waters Engineer confirmed the intention to install the meters as soon as possible. Procurement will start from 1 July with the aim of reading consumption from 1 October this year.

The Group Manager Business Support advised that Council's Revenue & Financing Policy clearly states that Residential D properties are charged for water use. To remove that would trigger a change to the policy and the Special Consultation Procedure. He reminded the Committee that the Policy will soon be reviewed as part of the LTP process. Council can then decide whether a volumetric charge is considered appropriate or not.

The Committee acknowledged that a change to the Revenue & Financing Policy now would be difficult and unnecessary.

**Recommendation to Council**

**That** Council approves a budget of \$120,000 to install the remaining water meters on Residential D properties, and this be funded from the Ashburton water reserve account.

Mayor/Cameron

Carried

## 10 Drinking Water Review

**That** the recommendation be uplifted.

McMillan/Cameron

Carried

### Recommendation to Council

1. **That** Council directs officers to prepare a cost benefit analysis to investigate installing water meters district-wide through the Long-Term Plan 2021-31.
2. **That** Council directs officers to continue to fund drinking water as per the status quo of a fixed charge for connected ordinary properties and a fixed plus volumetric charge for extra-ordinary properties for the Revenue & Financing Policy 2021.

Falloon/Cameron

Carried

## 2 Development Fund Contributions Policy

The Senior Policy Advisor outlined the purpose of the report which identifies Phase 1 of the 2021 review of the Development Fund Contributions Policy and recommends that items 2-7 and 9 remain for detailed analysis and items 1 and 8 be removed.

Officers advised that, in Option A of the report, the proposal is for Council to abandon development contributions on an ongoing basis, so loans would ultimately be funded from rates. Without the revenue, debt would be cumulatively increasing each year. It was further noted that legislation allows Council to collect in advance of works occurring (in the case of Phase 1 contributions – community infrastructure, from 1 July 2021).

The Senior Policy Advisor explained that the report signals concerns around development contributions for the open spaces and stormwater activities. But there is some value in Council exploring what it might do in the future with transportation as this is one of Council's largest areas of expenditure. Traffic growth means future beneficiaries who could contribute through DCs. This would need careful discussion as transportation is vital to agricultural economy and there's concerns about the impact on that sector. 2020 might be too soon but Council could consider in long term.

The Committee adjourned for afternoon tea from 3.10pm until 3.29pm.

**That** the Development Fund Contributions Policy report lies on the table and is further discussed at the next Audit Risk and Finance Committee meeting.

Braam/McMillan

Carried

## 13 Property Leases and Licences Policy

**That** the Committee receives the updated report on the Property Leasing and Licensing Policy.

Wilson/Falloon

Carried

## 14 Ng King Bros Chinese Market Garden Settlement – funding request

### Recommendation to Council

1. **That** Council approves an additional budget of \$40,000 to fund the complete restoration of the Ng King Bros Chinese Market Garden Settlement buildings; and
2. **That** this funding is subject to the project obtaining Heritage New Zealand listing and receiving confirmation of their 50% contribution.

McMillan/Cameron

Carried

**15 Approval to use the Access Trust special fund**

The Economic Development Manager reported on the proposal to appoint a person for a fixed period (likely 6-8 months) to co-ordinate the youth driver's licence schemes that are currently offered in the district, without taking away the role of those current service providers. Council will appoint the co-ordinator.

The Committee heard that the Access Trust funding was originally provided by central government as part of Council's involvement in the Task Force Green scheme. Additional funding will be provided through Council's existing budget for the 'My Next Move' scheme.

**Recommendation to Council**

**That** Council approves the use of the Access Trust special fund money of \$39,376 to apply towards the youth driver's licence project and the special fund be closed.

Mayor/Wilson

Carried

**16 Six- monthly Performance Report**

**That** the Committee receives the six-monthly non-financial performance report.

Falloon/Wilson

Carried

**17 Environment Canterbury – draft Annual Plan 2020-21 Submission**

The Strategy & Policy Manager reported that ECan have extended the timeframe for submissions to be lodged. Council will have the opportunity to approve a final submission at its meeting on 9 April.

The Committee agreed to amend the draft submission and remove the reference to Council questioning whether Zone Committees are still serving the purpose they were originally established for.

**Recommendation to Council**

**That** Council approves the submission to Environment Canterbury about the draft Annual Plan 2020-21.

Mayor/Braam

Carried

**18 Consultation for the Annual Plan 2020-21**

**Recommendation to Council**

**That** Council decide not to consult on the Annual Plan 2020-21 in accordance with section 95 (2)(a) of the Local Government Act 2002.

Falloon/McMillan

Carried

**Financial Variance Report – January 2020**

- Reference to the \$100k previously allocated to EANC for pool extensions is shown in error and has been corrected.
- Unforecasted / unbudgeted work – wording will be changed to reflect that only critical work will be carried out.

**Business transacted with the public excluded – 4.09pm.**

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:

<b>Item No</b>	<b>General subject of each matter to be considered:</b>	<b>In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:</b>	
<b>20</b>	<b>Minutes 4/02/20</b>	Sections 7(2)(h) & 7(2)(a)	Commercial activities Protection of privacy of natural persons
<b>21</b>	<b>Airport Authority Subcommittee</b>	Section 7(2)(h)	Commercial activities
<b>22</b>	<b>Health &amp; Safety Report</b>	Section 7(2)(a)	Protection of privacy of natural persons

McMillan/Wilson

Carried

The Committee resumed in open meeting at 4.40pm.