

# Audit and Risk Committee

## AGENDA

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### Notice of Meeting:

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

**Date:** Wednesday 10 September 2025  
**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<br>Liz McMillan<br>Richard Wilson<br>Murray Harrington (external appointee)<br>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 – 30 July 2025 | 3 |
|---|--|---|

### Reports

- |   |                 |   |
|---|-----------------|---|
| 5 | Riskpool Update | 5 |
|---|-----------------|---|

### Business transacted with the public excluded

- |   |  |      |
|---|--|------|
| 6 | Audit & Risk Committee Minutes - 30/07/25                                    | PE 1 |
|   | • Health & Safety Section 7(2)(a) Protection privacy of natural persons      |      |
| 7 | Health & Safety Report Section 7(2)(a) Protection privacy of natural persons | PE 2 |

### 4. *Audit & Risk Committee – 30 July 2025*

Minutes of the Audit & Risk Committee meeting held on Wednesday 30 July 2025, commencing at 1.00pm, in the Hine Paaka Council Chamber, Te Whare Whakatare, 2 Baring Square East, Ashburton.

#### **Present**

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

#### **Also present:**

Councillors Phill Hooper and Lynette Lovett.

#### **In attendance**

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

Staff present for the duration of their reports:

Erin Register (Finance Manager), Lauretta Artz (Accountant), Katie Perry (People & Capability Manager), Rebecca Lees (Safety & Wellness Lead).

#### **1 Apologies**

Cr Leen Braam

Sustained

#### **2 Extraordinary Business**

Nil.

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

Nil.

#### **4 Confirmation of Minutes**

**That** the minutes of the Audit & Risk Committee meeting held on 25 June 2025 be taken as read and confirmed.

Wilson/Cameron

Carried

#### **5 Management of Accounts Receivable**

**That** the Committee receives the report of Accounts Receivable.

Harrington/Cameron

Carried

#### **6 Bancorp Treasury Report – June 2025**

#### **Recommendation to Council**

1. **That** Council receives the Bancorp Treasury report for the June 2025 quarter.
2. **That** Council approves the establishment of a line of credit facility to meet liquidity requirements required by Council's Treasury Policy for the most favourable option available.

Cameron/McMillan

Carried

**Business transacted with the public excluded – 1.17pm**

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>7</b>       | <b>Audit &amp; Risk Committee minutes</b>               | Section 7(2)(a)  | Protection of privacy of natural persons |
| <b>8</b>       | <b>Health and Safety Report</b>                         | Section 7(2)(a)  | Protection of privacy of natural persons |
|                |   |  |  |

Cameron/McMillan

Carried

The meeting concluded at 1.45pm.

### 5. *Riskpool Update*

Author *Helen Barnes, GM Business Support*  
Executive Team Member *Hamish Riach; Chief Executive*

#### Summary

- The purpose of this report is to provide the Audit and Risk Committee with an update on the activities of Riskpool of which Ashburton District Council is a member.
- Council last received an update from Riskpool in June 2025, which advised a further call on members of between \$3.2 to \$3.7 million in August 2025.
- Riskpool have now invoiced Council for a call of \$20,399.24 excluding GST as part of a wider call across the group of \$3.7 million across the group.
- 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 receives the report and notes the call of \$20,399.24 due for payment by 20 September 2025.

#### Attachment

**Appendix 1** Riskpool's August 2025 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.

#### **Update from Riskpool**

7. Riskpool have provided an update to shareholders in relation to the call indicated in its letter to members in June 2025.
8. Pending the outcome of domestic litigation and the position taken by Riskpool's insurers in relation to coverage, a call has been made of \$3.3 to \$3.7 million across the membership base to cover funding deficits for the fund years 7, 10, 11, 12, 13, 14, 15, 18 and 19.
9. Ashburton District Council's share of this call due for payment on 20 September 2025 is \$20,399.24 excluding GST.

#### **Legal/policy implications**

10. 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.
11. 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 who fails to pay.

12. Council is therefore obligated to pay the further call once it is received, or it could face debt recovery proceedings.

## Climate Change

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

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

## Strategic alignment

14. 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?                         | \$20,399.24  |
| Is there budget available in LTP / AP?    | No   |
| Where is the funding coming from?         | There is no budget provided for the call, however this will be managed within the overall organisational budget. |
| Are there any future budget implications? | Potentially yes, but the extent is unknown.  |
| Reviewed by Finance                       | Erin Register; Finance Manager   |

## Significance and engagement assessment

| Requirement                                   | Explanation   |
|---|---|
| Is the matter considered significant?         | No  |
| Level of significance                         | Low – Councils liability is 0.41% of any call on members.   |
| Rationale for selecting level of significance | At 0.41%, 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   |



8 August 2025

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

hamish.riach@adc.govt.nz

Dear Hamish

### **Riskpool: Call to Members**

We would like to thank members again for your ongoing support. We hope that our letter of 24 July provided some useful background on the Riskpool Scheme, including updates on current domestic litigation, reinsurance recovery, member contributions, and the upcoming consultation on amendments to the Riskpool Trust Deed.

As signalled in that letter and in our previous correspondence, Riskpool anticipated the need to make a further call on members in August to fund deficits in previous Fund Years. Riskpool has carried out a review of its current and future liabilities and a call for \$3.7 million is necessary (across the membership, not per individual member). That funding will cover:

- i. Operational costs for the financial year 2025/26; and
- ii. Legal and advisory fees relating to reinsurance recovery and domestic litigation.

Following the Supreme Court's decision in LGMFT v Napier City Council [2023] NZSC 97, which addressed how claims involving a mix of weathertightness and non-weathertightness defects are treated under the Scheme, several stayed proceedings against Riskpool have recommenced. A number of member councils have brought mixed claims against Riskpool, with two cases listed for trial in September 2025. These trials will be significant in clarifying the scope of Riskpool's historic obligations and interpretation of past Scheme terms. Riskpool is working closely with our legal advisers to ensure these cases are ready for trial.

At the same time, Riskpool is actively pursuing cover for liabilities arising out of domestic litigation through ongoing dialogue with reinsurers and brokers in London. Reinsurance is the primary source of funds for claims that Riskpool accepts. If there is delay in reinsurers paying a claim or if reinsurers refuse to pay, then the cost of that claim falls on Riskpool's membership. The process of ensuring the reinsurers meet their indemnity obligations can be protracted, with multiple reinsurers in the "tower" for any Fund Year and the relevant reinsurance contracts governed by English Law. This 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.

Riskpool is committed to operating as efficiently and cost-effectively as possible while safeguarding the collective interests of our members. The work we are currently undertaking is essential to protecting those interests by ensuring claims are properly resolved and recoveries are pursued. However, this work is consuming significant resources (both in house and externally) creating unavoidable cost. Funding this work is critical to achieving the best long-term outcomes for all members and reducing the need for calls in the future.

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 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.

The Board has resolved to make a call on Members to pay a contribution to fund the deficits for Fund Years 7, 10, 11, 12, 13, 14, 15, 18 and 19 being:

|                |                      |
|----------------|----------------------|
| ▪ Fund Year 7  | \$0.075 million      |
| ▪ Fund Year 10 | \$0.225 million      |
| ▪ Fund Year 11 | \$0.215 million      |
| ▪ Fund Year 12 | \$0.145 million      |
| ▪ Fund Year 13 | \$0.220 million      |
| ▪ Fund Year 14 | \$0.075 million      |
| ▪ Fund Year 15 | \$0.295 million      |
| ▪ Fund Year 18 | \$1.550 million      |
| ▪ Fund Year 19 | \$0.900 million      |
| <b>Total</b>   | <b>\$3.7 million</b> |

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 \$20,399.24 (excl GST) as calculated in the table attached to this letter. This is payable on 20 September 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 outstanding mixed defect claims and the reinsurers' position.
- 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 General Counsel, at:  
[stephen.ferson@riskpool.org.nz](mailto:stephen.ferson@riskpool.org.nz)

Yours sincerely

A handwritten signature in black ink, appearing to be 'S. Ferson', written in a cursive style.

**Stephen Ferson**  
Acting General Counsel  
Local Government Mutual Funds Trustee Ltd (Riskpool)

| <b>Member Council</b>             |                         | <b>Initial Contribution</b> | <b>2025 Call</b> |
|-----------------------------------|-------------------------|-----------------------------|------------------|
| Ashburton District Council        | 2003/04<br>Fund Year 7  | \$28,710.00                 | \$330.55         |
|                                   |                         |                             |                  |
|                                   |                         |                             |                  |
|                                   | 2006/07<br>Fund Year 10 | \$31,671.62                 | \$827.70         |
|                                   |                         |                             |                  |
|                                   |                         |                             |                  |
|                                   | 2007/08<br>Fund Year 11 | \$33,300.00                 | \$932.47         |
|                                   |                         |                             |                  |
|                                   |                         |                             |                  |
|                                   | 2008/09<br>Fund Year 12 | \$26,000.00                 | \$613.66         |
|                                   |                         |                             |                  |
|                                   |                         |                             |                  |
|                                   | 2009/10<br>Fund Year 13 | \$26,000.00                 | \$1,395.63       |
|                                   |                         |                             |                  |
|                                   |                         |                             |                  |
|                                   | 2010/11<br>Fund Year 14 | \$31,000.00                 | \$619.56         |
|                                   |                         |                             |                  |
|                                   |                         |                             |                  |
|                                   | 2011/12<br>Fund Year 15 | \$33,000.00                 | \$2,518.11       |
|                                   |                         |                             |                  |
|                                   |                         |                             |                  |
|                                   | 2014/15<br>Fund Year 18 | \$37,048.00                 | \$13,161.57      |
|                                   |                         |                             |                  |
|                                   |                         |                             |                  |
|                                   | 2015/16<br>Fund Year 19 | \$0.00                      | \$0.00           |
|                                   |                         |                             |                  |
| <b>Total 2025 Call (excl GST)</b> |                         |                             | \$20,399.24      |

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## TAX INVOICE

Ashburton District Council  
PO Box 94  
ASHBURTON 7740

GST No: 71-101-940  
Invoice No: C0307  
Order No:  
Date: 07/08/2025

Client No: 0001

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Call FY7(2003-04), FY10(2006/07), FY 11(2007-08), FY12(2008/09), FY13(2009/10), FY14(2010/11), FY15(2011/12), FY18(2014/15)

Riskpool Call August 2025

Contribution: \$20,399.24

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|                      |                    |
|----------------------|--------------------|
| Sub-total            | 20,399.24          |
| GST                  | 3,059.89           |
| <b>Total Due NZD</b> | <b>\$23,459.13</b> |

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**AMOUNT NOW DUE FOR PAYMENT**  
**Please pay by 20.09.2025**

**Payment can be made by:**

- \* **Direct Credit to our Bank Account: 01-0527-0061803-28**
- \* **Please ensure that the Invoice no: C0307 is quoted.**
- \* **Please send remittance to <sup>13</sup>lgadmin@civicfs.co.nz**

# **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.

### **Reporting**

The Audit & Risk Committee will report to the Council.

### **Reviewed**

26/03/25