

# 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 13 September 2023

Time: 1.00pm

Venue: Council Chamber  
137 Havelock Street, 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)

Watch the live-stream of this meeting on our You Tube channel, Facebook page and website:

<https://www.ashburtondc.govt.nz/council/public-meetings-research-centre>

## 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 – 2/08/23 | 3 |
|---|-----------------------------------|---|

### Reports

- |   |   |    |
|---|---|----|
| 5 | Riskpool progress update                              | 5  |
| 6 | EA Networks Income and Expenditure Report – June 2023 | 12 |
| 7 | EA Networks Income and Expenditure Report – July 2023 | 13 |

### Business transacted with the public excluded

- |    |                        |   |       |
|----|------------------------|---|-------|
| 8  | Minutes – 2/08/23      | Section 7(2)(a) Protection privacy of natural persons | PE 1  |
| 9  | EANC Proposal          | Section 7(2)(a) Protection privacy of natural persons | PE 2  |
| 10 | EANC Membership        | Section 7(2)(h) Commercial activities                 | PE 10 |
| 11 | Health & Safety Report | Section 7(2)(a) Protection privacy of natural persons | PE 20 |

## Audit & Risk Committee

2 August 2023



### **4**    *Audit & Risk Committee Minutes*    **Unconfirmed**

Minutes of the Audit & Risk Committee meeting held on Wednesday 2 August 2023, commencing at 1.00pm, in the Council Chamber, 137 Havelock Street, Ashburton.

#### **Present**

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

#### **Also present:**

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

#### **In attendance**

Hamish Riach (CE), Leanne Macdonald (GM Business Support), Jane Donaldson (GM Compliance & Development), Sarah Mosley (GM People & Facilities) (via MS Teams), and Carol McAtamney (Governance Support).

Staff present for the duration of their reports: Erin Register (Finance Manager), Richard Wood (Sport & Recreation Manager), Katie Perry (People & Capability Manager) and Julie Crahay (Safety & Wellness Lead)

#### **1        Apologies**

Councillor Liz McMillan

Sustained

#### **2        Extraordinary Business**

Nil.

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

Nil.

#### **4        Confirmation of Minutes – 21/06/23**

**That** the minutes of the Audit & Risk Committee meeting held on 21 June 2023, be taken as read and confirmed.

Cameron/Wilson

Carried

#### **5        EA Networks Centre Income and Expenditure**

The May 2023 income and expenditure report was received and discussed.

**Business transacted with the public excluded – 1.06pm**

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>6</b>	<b>Audit &amp; Risk Committee minutes</b>	Section 7(2)(a)	Protection of privacy of natural persons
<b>7</b>	<b>Health &amp; Safety</b>	Section 7(2)(a)	Protection of privacy of natural persons

Wilson/Mayor

Carried

The meeting concluded at 1.39pm.

## 5. *Riskpool Update*

Author *Leanne Macdonald, Group Manager – Business Support*  
Executive Team Member *Hamish Riach, Chief Executive*

### Summary

- The purpose of this report is to notify Audit and Risk of Ashburton District Council's ongoing liability as former members of Riskpool.
- Council have received three notifications since the last report to the Audit & Risk Committee.
- The effect of the Court's decision is that Riskpool now has a liability for that member's claim, in respect of non-weathertight defects. At this stage the value of this claim is unknown.
- Due to the level of complexity and the unknown quantum, there is no way to determine Ashburton District Council's liability. Council maintains the risk of having to make an unbudgeted payment sometime in the future.

### Recommendation

1. That the Audit and Risk Committee recommends to Council to receive the updates from Riskpool on the progress of winding up and is aware of their ongoing liability.

### Attachment

Appendix 1 Riskpool June update  
Appendix 2 Riskpool August update  
Appendix **3** Riskpool September update

## 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 six-plus years.
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 and this remains their intention.
6. The last interim call made was for \$6million of which Ashburton District Council was liable for \$24,257.86 plus GST. This was paid in July 2019. The interim call was paid by all member councils.

### The current situation

7. In earlier correspondence, Riskpool advised that they had applied to the Supreme Court for leave to appeal for a final determination after the Court of Appeal reversed the High Court decision, which had been in favour of Riskpool.
8. Riskpool have subsequently advised that they were unsuccessful in their appeal to the Supreme Court.

Riskpool have issued further correspondence (Appendix 1) dated 7 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.

9. Riskpool also advised that if were unsuccessful in their appeal they may need to make further calls on member councils in the future. Correspondence received subsequent to June is advising council that they have been unsuccessful in their appeal to the Supreme Court (Appendix 2).
10. Riskpool recently has sent a third notification, dated 5 September, to advise that due to the complexity of the issue, they are still working through member's liability. As a result they have provided a disclosure to member Councils' for their 2022/23 Annual Reports (Appendix 3).

11. Until this wind up process is fully complete, Ashburton District Council will retain a liability to this fund, of which the value remains unknown.

## Legal/policy implications

12. 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

13. 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	✓	Any final call 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

14. At this stage the financial implications remain unknown.

Requirement	Explanation
What is the cost?	This is unknown at this stage
Is there budget available in LTP / AP?	No as one cannot rate for the unknown
Where is the funding coming from?	This will be determined should Council receive a final call
Are there any future budget implications?	Potentially, yes, but the extent is unknown and cash reserves could be used.
Reviewed by Finance	Erin Register; Finance Manager

## Significance and engagement assessment

15. Based on the July 2019 call this is not deemed significant.

Requirement	Explanation
Is the matter considered significant?	No (At this stage)
Level of significance	Low – Councils liability is 0.004% of any final call
Rationale for selecting level of significance	At 0.004%, unless the final call was significantly greater than the interim call in 2019, Councils liability remains a low level risk.
Level of engagement selected	Inform
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



## Appendix 1



7 June 2023

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

### **Riskpool: Update on Winding Up**

Dear Hamish

In our letter of 9 January 2023, we advised that Riskpool's application for leave to appeal to the Supreme Court, in respect of a liability claim which had previously been declined, had been approved. The appeal was heard on 27 April 2023 and we are now waiting for a decision. The indicative guidelines issued by the Supreme Court suggest that a decision may be available by October this year.

There are a number of other claims, some involving court proceedings, which involve the same issue (that is, liability claims concerning both weathertight and non-weathertight defects where the member Councils are seeking to be covered for their liability for the non-weathertight defects) which are waiting on the outcome of the Supreme Court decision. Many of those other claims involve late notification issues (that is, the claims were not notified to Riskpool until after the members had left the Scheme) which are being considered by the Board.

At present, Riskpool's reinsurers have reserved their position regarding cover for any of these claims.

If Riskpool is unsuccessful in its appeal in the Supreme Court, then it will have an immediate liability for that member's claim which will require Riskpool to make a call to pay that claim. Depending on the outcome of the late notification issues in respect of the other similar claims and reinsurers' position, there may be a need to make further calls in the future.

We will update members once the Supreme Court decision is released.

Yours sincerely

Charlie Howe  
CEO Civic Financial Services Ltd

Chair of LGMFT (Riskpool)

2 August 2023

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

### **Riskpool: Update on Winding Up**

Dear Hamish

On 7 June 2023 we wrote to members with an update on Riskpool's appeal to the Supreme Court regarding a liability claim concerning both weathertight and non-weathertight defects, where the member has sought to be covered for its liability for the non-weathertight defects.

On 1 August 2023, the Supreme Court issued its decision in which it has dismissed Riskpool's appeal.

The effect of the Court's decision is that Riskpool now has a liability for that member's claim in respect of the non-weathertight defects. At present, Riskpool's reinsurers have reserved their position regarding cover for the claim, which means that Riskpool may be required to make a call to pay that claim. Before that can occur, the amount of the claim (which is still in dispute between the parties) needs to be quantified. There is a hearing set down in the High Court on 11 December 2023 to resolve that issue. We are seeking advice from the member concerned as to the amount that they intend seeking at the hearing, which should enable Riskpool to advise all members of the likely maximum liability and therefore the likely level of the call that may need to be made. We hope to be in a position to provide further information regarding that within the next two to three weeks.

As also noted in our letter of 7 June 2023, there are a number of other claims, some involving Court proceedings, which involve the same issue and which have been waiting on the outcome of the Supreme Court decision. Many of those other claims involve late notification issues (that is, the claims were not notified to Riskpool until after the members had left the Scheme) and Riskpool intends applying to have those claims/proceedings struck out. For those claims which do not involve late notification issues, further information is being sought about the actual or anticipated liability of those members in respect of the non-weathertight defects. At present, Riskpool's reinsurers have also reserved their position regarding cover for these other claims which might mean that there is a need to make further calls in the future relating to these claims.

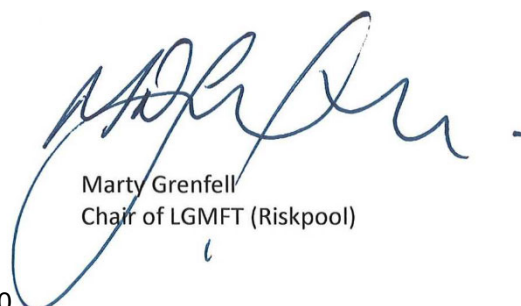
We welcome the Supreme Court decision which clarifies an important matter of law for our members. We also acknowledge there will be some uncertainty in respect of future calls and the path to winding up and we will continue to keep members updated as these matters progress.

If you have any questions please contact CEO, Charlie Howe.

Yours sincerely



Charlie Howe  
CEO Civic Financial Services Ltd



Marty Grenfell  
Chair of LGMFT (Riskpool)

## Appendix 3

5 September 2023

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

### **Riskpool: Update on Winding Up**

Dear Hamish

On 2 August 2023, we confirmed that the Supreme Court had dismissed Riskpool's appeal, and we are still working through a very complex pathway to understand what the future liability will be for members. Given further legal action and uncertainty on the validity and scale of claims, this is likely to take some time.

We are aware members will be required to complete a disclosure statement in their Annual Reports about the current position of potential calls and the winding up of Riskpool.

We have prepared draft comments as a guide, should members wish to use it, as follows:

Ashburton District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in *Napier City Council v Local Government Mutual Funds Trustee Limited*, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

We acknowledge there is ongoing uncertainty in respect of future calls and winding up of Riskpool. Members will be updated as information comes to hand.

Nga Mihi



Charlie Howe  
Chief Executive, Civic Financial Services Ltd



Martin Grenfell  
Chair, LGMFT (Riskpool)

**Ashburton District Council**  
**EA Networks Centre - Income & Expenditure Report**  
for period ending 30 June 2023

	Transfers	Default	Retail	Room Rental/Events				Aquatic				Fitness				Grand Total			
	Transfers	Default	Retail	Meeting Rooms	Stadium	Events	Total	Pool	Tinwald Pool	Learn to Swim	Total	Gymnasium	Aquasize	Group Fitness	Total	Total		Variance	Percentage of Budget
	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Budget Full Year		
<b>Operating Income</b>																			
Fees	1,585	0	0	0	170,245	69,616	239,861	452,924	13,166	457,634	923,725	343,467	21,781	151,032	516,280	1,681,450	1,743,197	61,747	96%
Grants	108,000	(60,000)	0	0	2,492	0	2,492	6,352	0	0	6,352	115	0	0	115	56,959	82,320	25,361	69%
Rental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	432	0%	
Sales	0	0	115,418	0	0	0	0	0	0	0	0	1,100	0	0	1,100	116,518	72,030	(44,488)	162%
Sundry Income	0	0	0	0	0	190	190	0	0	0	0	565	0	0	565	755	0	(755)	0%
Treasury Internal Recoveries	0	54,815	0	0	0	0	0	0	0	0	0	0	0	0	0	54,815	0	(54,815)	0%
Rates	0	3,884,630	0	0	0	0	0	0	0	0	0	0	0	0	0	3,884,630	3,862,635	(21,995)	101%
Other Income	959	2,895	0	0	0	0	0	23,974	0	4,795	28,769	12,568	0	5,682	18,250	50,873	0	(50,873)	0%
	110,544	3,882,340	115,418	0	172,737	69,806	242,543	483,250	13,166	462,429	958,846	357,815	21,781	156,714	536,310	5,846,000	5,760,613	(85,387)	101%
<b>Operating Expenses</b>																			
<b>Variable costs</b>																			
Personnel Costs	0	0	0	0	52,838	35,202	88,040	0	0	403,431	403,431	0	0	143,512	143,512	634,983	648,332	13,348	98%
Financial / Professional Costs	55,306	2,610	0	0	0	0	0	11,717	0	0	11,717	10,261	4,272	9,727	24,260	93,893	104,285	10,392	90%
Promotional Costs	10,560	2,262	0	0	234	6,321	6,555	3,375	255	425	4,055	500	0	12	512	23,944	47,925	23,981	50%
General Costs	70,151	9,100	0	0	743	43	786	45,126	8,027	0	53,153	3,682	0	1,217	4,899	138,089	143,879	5,791	96%
Purchases	10,539	121	78,578	0	1,748	19	1,767	8,917	2,397	3,880	15,194	2,589	895	1,434	4,918	111,116	100,902	(10,214)	110%
Property / Plant Costs	99,623	9,904	0	0	720	0	720	2,968	0	93	3,061	1,063	0	178	1,240	114,548	161,058	46,509	71%
Energy Costs	(43,403)	56	11,340	6,943	44,436	0	51,379	342,748	4,217	0	346,964	16,756	0	9,628	26,384	392,721	513,555	120,834	76%
Centre Maintenance	125,602	0	0	0	2,439	0	2,439	26,709	0	0	26,709	1,750	376	0	2,125	156,876	144,735	(12,141)	108%
	328,378	24,052	89,918	6,943	103,158	41,585	151,686	441,561	14,896	407,828	864,285	36,601	5,543	165,708	207,851	1,666,170	1,864,671	198,501	89%
<b>Contribution Margin</b>	(217,834)	3,858,288	25,499	(6,943)	69,579	28,221	90,857	41,690	(1,729)	54,601	94,561	321,214	16,238	(8,993)	328,459	4,179,830	3,895,943	(283,887)	107%
<b>Fixed costs</b>																			
Salaries	586,177	18,195	0	0	0	0	0	631,153	0	0	631,153	323,119	2,539	0	325,658	1,561,183	1,683,370	122,187	93%
Office Costs	70,711	313	0	0	535	1,339	1,873	5,495	110	545	6,149	14,517	70	18,588	33,175	112,222	118,095	5,873	95%
Registrations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,627	2,627	0%
Security	13,578	1,013	0	0	177	0	177	0	0	0	0	0	0	0	0	14,768	3,408	(11,360)	433%
Fire Protection	0	0	0	0	32	0	32	952	0	0	952	0	0	0	0	985	0	(985)	0%
Interest	7,204	0	0	0	0	0	0	0	0	0	0	0	0	290	290	7,493	6,304	(1,189)	119%
Internal Rental	0	0	10,711	17,488	839,401	0	856,889	605,506	0	0	605,506	79,133	0	45,467	124,599	1,597,706	1,597,706	(0)	100%
Centre Overhead	(858,847)	0	72,504	14,496	154,323	0	168,819	229,263	6,467	104,353	340,083	199,378	0	78,062	277,441	0	0	(0)	0%
	(181,177)	19,522	83,216	31,984	994,467	1,339	1,027,790	1,472,369	6,577	104,898	1,583,844	616,147	2,609	142,407	761,162	3,294,356	3,411,510	117,153	97%
<b>Surplus (Loss) before Council Overhead</b>	(36,657)	3,838,766	(57,716)	(38,927)	(924,888)	26,882	(936,932)	(1,430,680)	(8,306)	(50,297)	(1,489,283)	(294,932)	13,629	(151,400)	(432,703)	885,474	484,433	(401,041)	183%
<b>Council Overhead</b>	0	1,133,524	0	0	0	0	0	0	0	0	0	0	0	0	0	1,133,524	1,163,898	30,375	97%
<b>Operating Profit / (Loss)</b>	(36,657)	2,705,243	(57,716)	(38,927)	(924,888)	26,882	(936,932)	(1,430,680)	(8,306)	(50,297)	(1,489,283)	(294,932)	13,629	(151,400)	(432,703)	(248,050)	(679,465)	(431,415)	37%
<b>Depreciation Costs</b>																			
Depreciation - Office Equipment	2,202	41,727	0	0	0	0	0	0	0	0	0	0	0	0	0	43,929	500,719	456,790	9%
Depreciation - Furniture & Fittings	16,731	180	0	0	0	0	0	0	0	0	0	0	0	0	0	16,911	0	(16,911)	0%
Depreciation - Computer Equipment	6,112	0	0	0	0	0	0	136	0	0	136	0	0	0	0	6,248	0	(6,248)	0%
Depreciation - Buildings	116,126	0	0	0	50,185	0	50,185	406	0	0	406	0	0	0	0	166,717	0	(166,717)	0%
Depreciation - Light Plant	1,107	0	0	0	31,995	0	31,995	50,473	592	0	51,065	80,485	0	0	80,485	164,651	0	(164,651)	0%
	142,278	41,907	0	0	82,179	0	82,179	51,014	592	0	51,606	80,485	0	0	80,485	398,455	500,719	102,264	80%
<b>Capital Expenditure</b>																			
Loan Principal Repayment	0	6,846	0	0	0	0	0	0	0	0	0	0	0	0	0	6,846	10,822	3,976	63%
Additions / Alterations	0	0	0	0	0	0	0	98,115	0	0	98,115	0	0	0	0	98,115	10,000	(88,115)	981%
Other Asset Purchases	1,081	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,081	22,074	20,993	5%
Cyclic Renewals	0	0	0	0	0	0	0	118,648	0	0	118,648	86,510	0	57,284	143,794	262,442	216,873	(45,569)	121%
Cyclic Renewals Carryovers	2,251	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,251	33,000	30,749	7%
	3,332	6,846	0	0	0	0	0	216,763	0	0	216,763	86,510	0	57,284	143,794	370,735	292,768	(77,967)	127%

Ashburton District Council  
EA Networks Centre - Income & Expenditure Report  
for period ending 31 July 2023

	Transfers	Default	Retail	Room Rental/Events				Aquatic				Fitness				Grand Total		Variance	Percentage of Budget
	Transfers	Default	Retail	Meeting Rooms	Stadium	Events	Total	Pool	Tinwald Pool	Learn to Swim	Total	Gymnasium	Aquasize	Group Fitness	Total	Total	Budget Full Year		
	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD	Actual YTD			
<b>Operating Income</b>																			
Fees	125	0	0	0	17,837	5,726	23,563	36,373	0	36,138	72,511	27,603	1,663	11,115	40,381	136,580	2,265,199	2,128,618	6%
Grants	0	60,000	0	0	0	0	0	0	0	0	0	0	0	0	0	60,000	83,440	23,440	72%
Sales	0	0	10,237	0	0	0	0	0	0	0	0	0	0	0	0	10,237	75,000	64,763	14%
Treasury Internal Recoveries	0	60	0	0	0	0	0	0	0	0	0	0	0	0	0	60	0	(60)	0%
Rates	0	296,555	0	0	0	0	0	0	0	0	0	0	0	0	0	296,555	3,504,547	3,207,992	8%
Other Income	0	0	0	0	0	0	0	600	0	359	959	2,000	0	0	2,000	2,959	0	(2,959)	0%
	125	356,615	10,237	0	17,837	5,726	23,563	36,973	0	36,497	73,470	29,603	1,663	11,115	42,381	506,391	5,928,186	5,421,794	9%
<b>Operating Expenses</b>																			
<b>Variable costs</b>																			
Personnel Costs	0	0	0	0	1,885	0	1,885	0	0	32,310	32,310	0	0	11,825	11,825	46,020	28,052	(17,968)	164%
Financial / Professional Costs	302	1,748	0	0	0	0	0	0	0	0	0	0	0	0	0	2,050	32,333	30,283	6%
Promotional Costs	520	0	0	0	0	2,096	2,096	592	0	6	598	0	0	0	0	3,214	52,098	48,884	6%
General Costs	532	15	0	0	0	0	0	2,525	60	0	2,585	0	0	287	287	3,420	161,248	157,828	2%
Purchases	99	0	855	0	0	0	0	0	0	0	0	0	0	0	0	955	108,994	108,039	1%
Property / Plant Costs	9,743	0	0	0	239	0	239	0	0	0	0	0	0	0	0	9,982	140,686	130,704	7%
Energy Costs	31,823	0	0	0	0	0	0	0	190	0	190	0	0	0	0	32,013	468,641	436,628	7%
Centre Maintenance	27,619	0	0	0	0	0	0	5,790	0	0	5,790	0	0	0	0	33,409	166,358	132,950	20%
	70,638	1,763	855	0	2,123	2,096	4,219	8,907	250	32,316	41,474	0	0	12,112	12,112	131,062	1,158,410	1,027,348	11%
<b>Contribution Margin</b>	(70,513)	354,852	9,382	0	15,713	3,631	19,344	28,066	(250)	4,181	31,996	29,603	1,663	(998)	30,269	375,329	4,769,776	4,394,447	8%
<b>Fixed costs</b>																			
Salaries	16,870	51,793	0	0	0	0	0	42,987	0	0	42,987	23,995	0	0	23,995	135,646	2,507,614	2,371,968	5%
Office Costs	1,751	215	0	0	0	0	0	0	0	0	0	0	0	2,316	2,316	4,282	136,113	131,831	3%
Registrations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,608	2,608	0%
Security	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,344	8,344	0%
Fire Protection	0	0	0	0	0	0	0	246	0	0	246	0	0	0	0	246	0	(246)	0%
Interest	0	1,020	0	0	0	0	0	0	0	0	0	0	0	41	41	1,061	6,622	5,562	16%
Internal Rental	0	0	896	1,462	70,188	0	71,651	50,631	0	0	50,631	6,617	0	3,802	10,419	133,595	1,603,144	1,469,549	8%
	18,622	53,027	896	1,462	70,188	0	71,651	93,864	0	0	93,864	30,612	0	6,159	36,771	274,830	4,264,445	3,989,615	6%
<b>Surplus (Loss) before Council Overhead</b>	(89,135)	301,825	8,486	(1,462)	(54,475)	3,631	(52,306)	(65,798)	(250)	4,181	(61,867)	(1,009)	1,663	(7,157)	(6,502)	100,500	505,332	404,832	20%
Council Overhead	0	85,003	0	0	0	0	0	0	0	0	0	0	0	0	0	85,003	1,246,917	1,161,914	7%
<b>Operating Profit / (Loss)</b>	(89,135)	216,822	8,486	(1,462)	(54,475)	3,631	(52,306)	(65,798)	(250)	4,181	(61,867)	(1,009)	1,663	(7,157)	(6,502)	15,497	(741,585)	(757,082)	-2%
<b>Depreciation Costs</b>																			
Depreciation - Office Equipment	0	145	0	0	0	0	0	0	0	0	0	0	0	0	0	145	1,740	1,595	8%
Depreciation - Furniture & Fittings	0	1,457	0	0	0	0	0	0	0	0	0	0	0	0	0	1,457	17,489	16,032	8%
Depreciation - Computer Equipment	0	543	0	0	0	0	0	0	0	0	0	0	0	0	0	543	6,517	5,974	8%
Depreciation - Buildings	0	14,490	0	0	0	0	0	0	0	0	0	0	0	0	0	14,490	173,886	159,395	8%
Depreciation - Light Plant	0	14,068	0	0	0	0	0	0	0	0	0	0	0	0	0	14,068	168,815	154,747	8%
	0	30,704	0	0	0	0	0	0	0	0	0	0	0	0	0	30,704	368,446	337,742	8%
<b>Capital Expenditure</b>																			
Loan Principal Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,822	10,822	0%
Infrastructural Asset Additions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23,468	23,468	0%
Additions / Alterations	0	0	0	0	0	0	0	17,610	0	0	17,610	0	0	0	0	17,610	64,666	47,056	27%
Other Asset Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24,719	24,719	0%
Computer Software Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,430	10,430	0%
Cyclic Renewals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	193,476	193,476	0%
	0	0	0	0	0	0	0	17,610	0	0	17,610	0	0	0	0	17,610	327,581	309,971	5%

# 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