



Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI

**I hereby give notice that the
Performance, Audit and Risk Committee Meeting
will be held on:**

Date: Tuesday, 27 May 2025
Time: 9.00am
Location: Council Chamber, Third Floor
Office of the Waitaki District Council
20 Thames Street, Oamaru

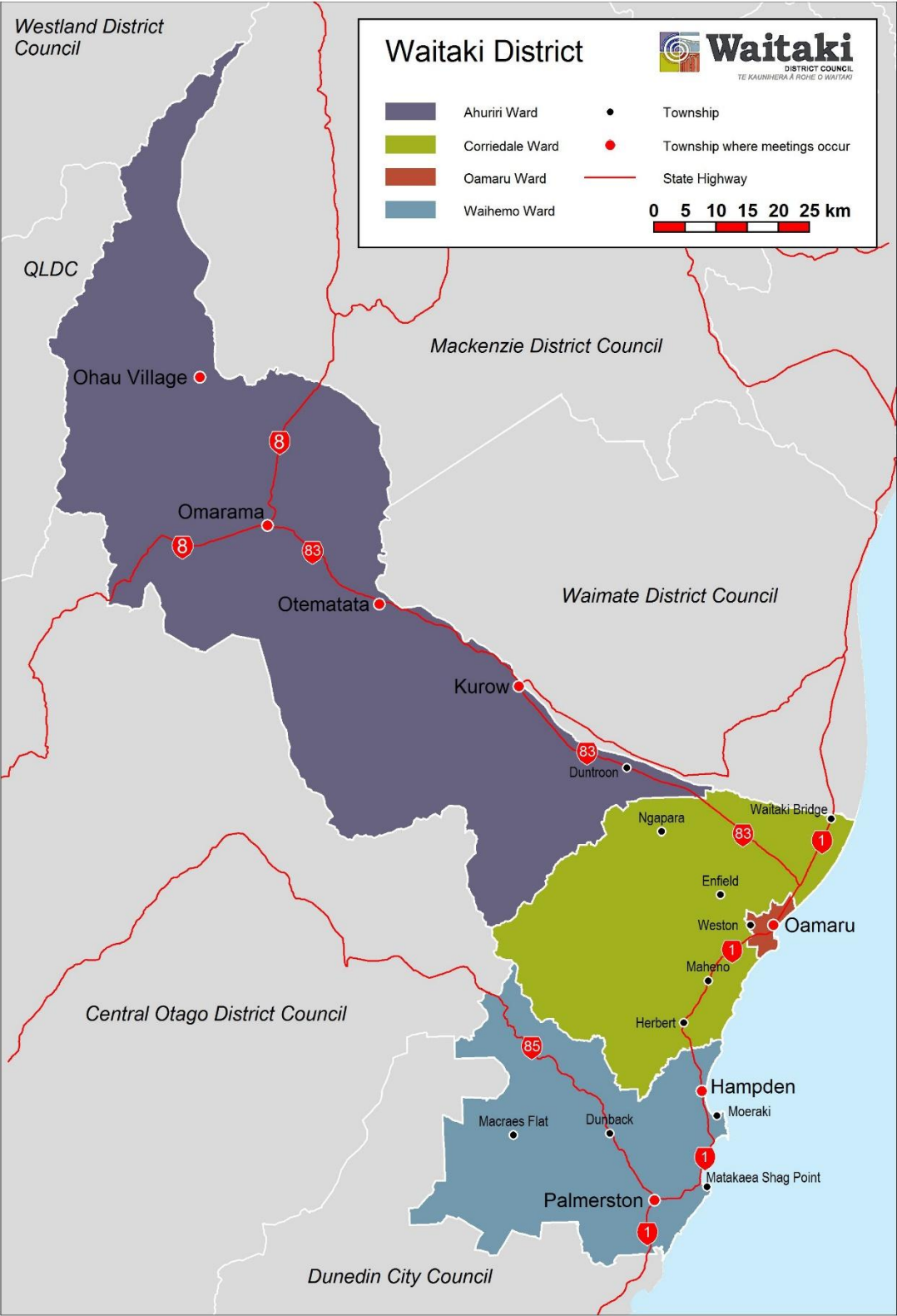
[This meeting will be live-streamed on YouTube](#)

Agenda

Performance, Audit and Risk Committee Meeting

27 May 2025

**Alex Parmley
Chief Executive**





Agenda Items

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- 1 APOLOGIES
- 2 DECLARATIONS OF INTEREST

3 CONFIRMATION OF PREVIOUS MEETING MINUTES

**3.1 PUBLIC MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING
HELD ON 29 APRIL 2025**

Author: Arlene Goss, Governance Services Lead

Authoriser:

Attachments: 1. Public minutes of the Performance, Audit and Risk Committee
Meeting held on 29 April 2025

RECOMMENDATION

That the Performance, Audit and Risk Committee confirms the Public minutes of the Performance, Audit and Risk Committee Meeting held on 29 April 2025, as circulated, as a true and correct record of that meeting.

UNCONFIRMED MINUTES

**OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBER, THIRD FLOOR, OFFICE OF THE WAITAKI DISTRICT
COUNCIL, 20 THAMES STREET, ŌAMARU
ON TUESDAY, 29 APRIL 2025 AT 9:00 AM**

PRESENT: Simon Neale (Chair), Deputy Mayor Hana Halalele, Cr Tim Blackler, Cr Jeremy Holding, Cr John McCone, Cr Rebecca Ryan, Mayor Gary Kircher

IN ATTENDANCE: Paul Hope (Director, Support Services)
Roger Cook (Director, Natural & Built Environment)
Joanne O'Neill (Director Strategy, Performance & Design)
Arlene Goss (Governance Services Lead)
Amanda Nicholls (Chief Financial Officer)
Dereck Ollsson (Appointed Auditor / Audit Director) via Zoom
Peter Keegan, People & Capability Manager

Meeting Livestream Recording

This meeting was livestreamed on Council's YouTube page. A direct link to that livestream location is available here: [Performance, Audit & Risk \(PAR\) Committee Meeting - 29 April 2025](#)

MEETING OPEN

The Chair declared the meeting open at 9.02am and welcomed everyone present.

1 APOLOGIES

RESOLVED PAR 2025/013

Moved: Cr Rebecca Ryan

Seconded: Deputy Mayor Hana Halalele

That the apology received from Cr Jim Hopkins be accepted.

CARRIED

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 CONFIRMATION OF PREVIOUS MEETING MINUTES

**3.1 PUBLIC MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE
MEETING HELD ON 25 MARCH 2025**

RESOLVED PAR 2025/014

Moved: Deputy Mayor Hana Halalele

Seconded: Cr Rebecca Ryan

That the Performance, Audit and Risk Committee confirms the Public minutes of the Performance, Audit and Risk Committee Meeting held on 25 March 2025, as circulated, as a true and correct record of that meeting.

CARRIED

The meeting agreed that items 5.4 and 5.5 were brought forward.

Cr Jeremy Holding joined the meeting at 9.06am.

Mayor Gary Kircher joined the meeting at 9.07am.

5.4 AUDIT NEW ZEALAND 30 JUNE 2025 AUDIT PLAN

Dereck Ollsson, Appointed Auditor / Audit Director, joined the meeting.

The report provides the Committee Audit New Zealand's Audit Plan for the audit of Council's 30 June 2025 Annual Report and agrees its contents in discussion with the Appointed Auditor.

Chief Financial Officer Amanda Nicholls introduced the report noting the interim audit is currently underway with the final audit scheduled in September to meet the legislative deadline of 31 October. The audit fee was negotiated in prior year.

Mr Ollsson highlighted the 2025 Audit Plan key areas of focus are valuation of infrastructure assets, fair value assessment of infrastructure assets (non-revaluation year), group consolidation, the wind up of Waitaki District Health Services Limited (WDHSL), the change in payroll system, and the risk of override of internal controls. Mr Ollsson noted the changes to the group audit standard relating to audit fee disclosure and the impacts of this.

Mr Ollson responded to questions regarding the key areas of focus specifically, the potential impacts of winding up WDHSL; group consolidation and removing the necessity to embed the Observatory Village in the audit; the inclusion of the new payroll system; the audit of the draft LTP in May including the forward projections for water reform programme.

RESOLVED PAR 2025/015

Moved: Deputy Mayor Hana Halalele

Seconded: Cr John McCone

That Performance, Audit and Risk Committee receives and notes the information.

CARRIED

5.5 AUDIT NEW ZEALAND REPORT TO COUNCIL ON THE 30 JUNE 2024 AUDIT

The report provides the Committee Audit New Zealand's Report on the audit of Council's 30 June 2024 Annual Report and understands its contents in discussion with the Appointed Auditor.

Ms Nicholls introduced the report noting the audit of the annual report took place in September and October 2024 with the opinion issued on 5 November 2024. Officers concur with the findings and alignment with the key areas of focus set out in the agreed audit plan. Work has commenced on the recommendations.

Mr Ollson provided commentary, highlighting:

- the qualified audit report, due to the revaluation movements, and the anticipation it will be removed in the coming year;

- satisfaction with the Council's methods and processes regarding revaluing core infrastructure assets (water and roading);
- an identified issue with the performance measure relating to roading (smooth travel exposure), noting satisfaction with method used and comfort with the method count despite the considerable drop in the traffic count compared to previous;
- previous recommendations for improvement in the group consolidation process;
- identified a number of misstatements, satisfied they are individually and collectively immaterial.

Mr Ollson and Ms Nicholls responded to questions regarding the traffic count methodology; the identified misstatements; the previous recommendations detailed in Appendix 1 (total of 15, of which 9 are open and 6 have been closed), and the three new recommendations.

RESOLVED PAR 2025/016

Moved: Cr John McCone

Seconded: Deputy Mayor Hana Halalele

That Performance, Audit and Risk Committee receives and notes the information.

CARRIED

Mr Ollson left the meeting at 9.20am.

4 DECISION REPORTS

4.1 TREASURY STRATEGY, FY 2024-2025 FOURTH QUARTER

DECISION OBJECTIVE

The report discusses Council's proposed Treasury Strategy for the fourth quarter of the 2024-25 financial year, to review benefits arising from Council's membership of the Local Government Funding Agency (LGFA), and to consider the recommendations.

Chief Financial Officer Amanda Nicholls apologised for the delay in presenting this strategy as it should have been provided to the last meeting, being effective as at 1 April 2025.

Ms Nicholls noted the proposed strategy is broadly the same as previous; keeping a tight grip on cash, closely monitoring projected cash requirements, liaising with LGFA, and investing funds to best advantage to maximise returns. Significant debt repayment in the middle of April has reduced the balance.

There was discussion on the rationale for term deposits (aim of spreading out the maturity dates and rates to avoid peaks and troughs in the debt profile); the repayment of the Observatory Village loan and the reduction in loans to external parties. It was noted that approximately 80% is sitting with irrigation companies and the need to understand the risk profile and credit for that industry.

The Committee noted the short-term tactic to invest funds that are identified for debt repayment in April, due to the timing of debt maturing. The possibility of repaying debt before it matures was remarked upon, but noted it comes at a cost. The approach is considered prudent.

RESOLVED PAR 2025/017

Moved: Cr Tim Blackler

Seconded: Mayor Gary Kircher

That the Performance, Audit and Risk Committee recommends:

That Council:

1. Adopts a Treasury Strategy for the fourth quarter of the 2024-25 financial year which includes:
 - a) Monitoring available cash and projecting future cash requirements
 - b) Liaising with the Local Government funding Agency (LGFA) to ensure Council's ability to function and deliver on behalf of its communities is not impeded by lack of funds
 - c) Obtaining advice and support from Bancorp Treasury Services on key projects in addition to ensuring compliance with policy limits
 - d) Investing funds considered surplus to immediate requirements based on current forecasts to best advantage to maximise returns.

CARRIED

5 MEMORANDUM REPORTS

5.1 FINANCIAL SUMMARY (TO 28 FEBRUARY 2025)

The report presents a high-level financial summary for the period ended 28 February 2025.

Chief Financial Officer Amanda Nicholls apologised for delay in submitting the report.

RESOLVED PAR 2025/018

Moved: Cr John McCone

Seconded: Deputy Mayor Hana Halalele

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

5.2 FINANCIAL REPORT FOR QUARTER 3 FY2025

The report presents financial results for the nine months ended 31 March 2025 and includes explanations for variances against budget.

Chief Financial Officer Amanda Nicholls introduced the report and responded to questions regarding borrowings; Government Grants and Subsidies; personnel costs and FTE count; the discrepancy in Other Expenses between the February financials and the 9-month financials; ETS Levy; User Charges; Finance Revenue and Finance Costs; and the relationship between forecasting depreciation when setting the budget and the annual revaluation of assets.

RESOLVED PAR 2025/019

Moved: Cr John McCone

Seconded: Deputy Mayor Hana Halalele

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

Item 5.6 was brought forward.

5.6 HEALTH AND SAFETY UPDATE

The report presents the Critical Risk incidents reported between 1 January and 30 March 2025.

People and Capability Manager Peter Keegan introduced the report highlighting a significant increase in threats of violence and aggression towards staff, a trend also observed in other councils. It was noted Council are reviewing controls in this area and have rolled out situational training for staff. Quotes from security companies are being sought to assess sites' security controls. The Committee expressed concern about the increase in public threats and abuse towards staff and discussed the need to minimize the frequency and impact of such incidents.

Mr Keegan responded to a question regarding the absence of reporting relating to the airport. It was noted that further work is needed with the airport and tenants on reporting to ensure PCBU responsibilities are met.

Lone and Remote work is a very real and potential risk that needs attention. It was noted controls includes GPS, line management monitoring and situation awareness training. It was suggested that the District nursing team at Waitaki District Health Service has good controls that could be leveraged.

There was discussion on the differentiation between general health and safety risks and critical risks, with the latter relating to grievous bodily harm and potential for loss of life, and the different ways health and safety incidents are classified and reported.

The Committee invited officers to review and potentially expand health and safety reporting to include additional areas of interest identified by the Committee that may not be currently reported.

RESOLVED PAR 2025/020

Moved: Deputy Mayor Hana Halalele

Seconded: Mayor Gary Kircher

That the Performance, Audit and Risk Committee note the incidents reported between 1 January and 30 March 2025.

CARRIED

5.3 TREASURY REPORT TO 31 MARCH 2025

The report provides the Committee with an overview of the Treasury function for the third quarter ended 31 March 2025, and the Bancorp Quarterly Treasury Dashboard Report for the same period.

Chief Financial Officer Amanda Nicholls introduced to the report, noting it is in line with the Treasury Strategy, to 31 March 2025. A verbal update was provided as the situation since mid-April has changed due to both debt repayment and deposits that matured. Those funds were used to repay debt to LGFA and ensures the cash has been used to repay borrowings. Ms Nicholls noted the current cash position is tight with the next rates instalment due 25 May 2025.

Mr Hope noted the remark in the Bancorp report that Council is running the Treasury policy minimums which means getting the full benefit of the lower rates allowed with the policy parameters. This is maximizing the benefits of the debt policy.

The Committee acknowledged the overall return on investments with finance revenue at 6.19% and borrowing at 4.52% (effective interest rate).

RESOLVED PAR 2025/021

Moved: Mayor Gary Kircher
Seconded: Deputy Mayor Hana Halalele

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

6 RESOLUTION TO EXCLUDE THE PUBLIC

RESOLVED PAR 2025/022

Moved: Cr John McCone
Seconded: Cr Tim Blackler

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Accounts Receivable as at 31 March 2025	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.2 - Accounts Payable as at 31 March 2025	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	(including commercial and industrial negotiations)	
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CARRIED

7 PUBLIC EXCLUDED SECTION

8 RESOLUTION TO RETURN TO THE PUBLIC MEETING

RESOLVED PAR 2025/025

Moved: Cr Tim Blackler

Seconded: Deputy Mayor Hana Halalele

That Performance, Audit and Risk Committee resumes in open meeting and decisions made in the public excluded session are confirmed and made public as and when required and considered.

CARRIED

9 RELEASE OF PUBLIC EXCLUDED INFORMATION

10 MEETING CLOSE

The Chair declared the meeting closed at 10.22am.

TO BE CONFIRMED at the Performance, Audit and Risk Committee Meeting to be held on Tuesday, 27 May 2025.

.....
CHAIRPERSON

4 MEMORANDUM REPORTS

4.1 FINANCIAL SUMMARY (TO 30 APRIL 2025)

Author: Amanda Nicholls, Chief Financial Officer

Authoriser: Paul Hope, Director Support Services

RECOMMENDATION

That the Performance, Audit and Risk Committee receives and notes the information.

PURPOSE

This report presents a high-level financial summary for the period ended 30 April 2025.

COMMENTARY

This report does not replace the regular financial reporting that is provided at each quarter's end. Instead, it is intended to supplement that reporting and bridge the gap between the quarters.

Overall operating revenue is lower than forecast and operating expenses are higher than forecast. This combination means that Council's overall operating result for the period, is a deficit of \$(7,873)K, versus the budgeted deficit of \$(126)K for the same period. This significantly lower operating result than expected is due largely to timing variances of the grants not yet received for the Events Centre, as well as increased costs in the current year in relation to Project Reclaim, and higher Depreciation than forecast, as can be seen from the tables detailing actual income and expenditure.

Income and Expenditure

- Revenue from external grants is under budget by \$4.58 million as grants for the Events Centre are being contributed at 50% of the cost. It was anticipated that funds would be received to cover the full cost of the first year of the build, and Council borrowing would not be required until the second year of the build (to cover Council's \$15m share of the project cost in the 2026 financial year).
- Finance Revenue is under budget, reflecting the reduction after Observatory Village repaid and reducing interest rates, while Finance Costs are slightly over budget due to the timing of new borrowings, although interest rates from the LGFA are reducing as has the amount borrowed.
- Revenue from development contributions (DCs) is under budget due to the decision to approve the timing of amounts charged to the Omarama Airfield Ltd in relation to the subdivision of airfield land. DCs will now be charged as sections in the subdivision are sold – effectively not losing income but deferring it.
- Depreciation is reported over budget by \$2.2 million, largely as a result of the larger-than-expected revaluation of waters infrastructure at June 2024. This variance will continue to grow until year end.
- Personnel costs are slightly over budget by \$217k, as previously discussed.
- Project Reclaim costs are \$2.0 million over budget due to timing variances between the 2024 and 2025 financial years budgets. We have received confirmation that the ETS levy has been fully waived. This levy was never physically paid or accrued for so it will not be "returned"; and does not improve the financial results; however, it is welcome news that Council does not have to foot this cost.

A number of aspects of the April period have still to be finalised so the result reported here is an interim one and is provided as an indication of Council-wide financial performance.

The next full quarterly report will be provided in July for the full year ended 30 June 2025.

KEY FINANCIAL UPDATE AT 30 APRIL 2025

REVENUE	ACTUAL YTD APR 25 \$000	Budget YTD APR 25 \$000
Rates	\$ 38,830	\$ 38,127
Grants	\$ 20,051	\$ 24,631
User charges and Property rental	\$ 4,860	\$ 5,269
Statutory charges	\$ 1,810	\$ 1,982
Other revenues — DCs, Petrol tax, and infringements	\$ 1,071	\$ 1,473
Investment income	\$ 1,845	\$ 2,534
Dividend	\$ 643	\$ 350
	\$ 69,110	\$ 74,366
EXPENDITURE	ACTUAL YTD APR 25 \$000	Budget YTD APR 25 \$000
Employee costs	\$ 16,263	\$ 16,046
Depreciation	\$ 19,308	\$ 17,115
Contractors — Roading	\$ 5,605	\$ 6,077
Contractors — Waters	\$ 4,759	\$ 4,974
Contractors — Property	\$ 1,065	\$ 1,161
Contractors — Parks and Recreation	\$ 2,985	\$ 3,133
Contractors — Economic Development	\$ 358	\$ 897
Project Reclaim	\$ 8,713	\$ 6,622
Backfill for staff vacancies	\$ 144	\$ -
Consultants, Solicitors, Valuers = Professional services	\$ 2,305	\$ 2,348
Grants	\$ 980	\$ 984
Finance costs	\$ 3,256	\$ 3,099
Electricity	\$ 1,892	\$ 2,204
Insurance	\$ 1,428	\$ 1,405
Other expenses	\$ 7,922	\$ 8,427
	\$ 76,983	\$ 74,492
OPERATING SURPLUS I (DEFICIT) - YEAR TO DATE	\$ (7,873)	\$ (126)

	ACTUAL YTD	Budget YTD
CAPITAL EXPENDITURE	APR 25 \$000	APR 25 \$000
Roading	\$ 7,330	\$ 9,095
Waters	\$ 8,699	\$ 11,224
Property	\$ 2,506	\$ 7,785
Parks and Recreation	\$ 13,387	\$ 14,405
Information Systems	\$ 1,533	\$ 2,267
Vehicles	\$ 255	\$ 230
Other business units	\$ 317	\$ 731
Council — all business units		
	\$ 34,027	\$ 45,737

Capital Expenditure for the period is \$11.7m behind budget. Property project delays around starting the Forrester Gallery explain a significant portion of that variance. Good progress is now being made on the Events Centre project.

Financial Position

Budget figures appearing in the table above represent the projected year-end position and so may not be directly comparable with the year-to-date position.

1. The budget for Property, Plant and Equipment includes not only the full year's capital expenditure, less Depreciation, but also the triennial revaluation of property, including parks and reserves, and the Oamaru airport, and the annual revaluation of Roothing infrastructure, both to be processed in June 2025.
2. Loans to Other Entities are detailed as part of the Quarterly Treasury Report and the Treasury Strategy. The 2024-25 budget is based on repayment in June 2025 of \$1.5 million by Observatory Village per the loan agreement and regular quarterly payments of principal by NOIC and Kurow-Duntroon Irrigation Company. However, the Observatory Village Loan of 15.6 million was fully repaid on 3 February 2025. The Kurow-Duntroon Irrigation Company renegotiated their loan to exclude repaying principal.
3. Cash and Cash Equivalents were lower than normal due to being managed prudently in line with the cash timing of Rates Revenue.
4. Borrowings are detailed in the Quarterly Treasury Report and Treasury Strategy. The 2024-25 budget anticipated that Council would require further support from the LGFA up to year end to fund Waters and other capital projects, however circa \$20m of capex has been deferred so this borrowing is no longer required, also the budget did not anticipate the early repayment of the Observatory Loan.

SUMMARY STATEMENT OF FINANCIAL POSITION	ACTUAL YTD APR 25 \$000	BUDGET 12 MTHS 25 \$000
Property, Plant and Equipment (1)	\$ 1,275,310	\$ 1,287,525
Loans to other entities (2)	\$ 20,863	\$ 34,746
Cash and Cash Equivalents (3)	\$ 602	\$ 4,391
Receivables	\$ 16,171	\$ 6,240
		\$ -
Borrowings (4)	\$ 73,982	\$ 99,098
Accounts Payable	\$ 19,004	\$ 8,933
Employee Entitlements	\$ 2,097	\$ 2,313

5 RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

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6 PUBLIC EXCLUDED SECTION

7 RESOLUTION TO RETURN TO THE PUBLIC MEETING

RECOMMENDATION

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8 RELEASE OF PUBLIC EXCLUDED INFORMATION

9 MEETING CLOSE