

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
AUDIT AND RISK COMMITTEE MEETING NO. AR22-3
HELD IN THE COUNCIL CHAMBERS, BARKES CORNER, TAURANGA
AND VIA ZOOM AND LIVESTREAMED UNDER COVID-19 TRAFFIC LIGHT ORANGE
ON TUESDAY, 9 AUGUST 2022 AT 9.30AM**

1 PRESENT

Cr J Denyer (Chairperson), Cr M Grainger, Cr G Dally, Cr M Dean, Cr A Sole, Cr D Thwaites, Mayor G Webber

VIA ZOOM

Cr A Henry, Cr M Gray, Cr M Murray-Benge, Deputy Mayor J Scrimgeour and Independent Member S Henderson

2 IN ATTENDANCE

J Holyoake (Chief Executive Officer), J Graham (Acting General Manager Corporate Services), G Allis (Deputy CEO/General Manager Infrastructure Group), A Curtis (General Manager Regulatory Services), D Jensen (Chief Financial Officer), B Brown (Health and Safety Advisor), H Wi Repa (Governance Technical Support), J Osborne (Governance Support Administrator) and C Irvin (Senior Governance Advisor)

VIA ZOOM

L Jackett (Team Leader Contracts and Procurement)

OTHERS IN ATTENDANCE

VIA ZOOM

Bancorp Treasury

S Ranchhod (Head of Treasury Advisory)

R Woodfield (Client Advisor)

3 APOLOGIES

APOLOGY

RESOLUTION AR22-3.1

Moved: Cr M Grainger

Seconded: Cr D Thwaites

That the apology for lateness from Cr Murray Benge and absence from Cr Marsh be accepted.

CARRIED

4 CONSIDERATION OF LATE ITEMS

Nil

5 DECLARATIONS OF INTEREST

NIL

6 PUBLIC EXCLUDED ITEMS

NIL

7 PUBLIC FORUM

Nil

INTRODUCTION

Newly appointed Independent Member, Stuart Henderson, introduced himself and provided the Committee with a brief outline of his personal background and work experience.

8 PRESENTATIONS

8.1 BANCORP TREASURY UPDATE AND PRESENTATION

The Committee considered a report dated 9 August 2022 from the Chief Financial Officer.

The Chairperson introduced Suresh Ranchhod and Ross Woodfield from Bancorp Treasury who spoke to a power point presentation summarising the following points:

- CPI's Continue to Surge (mostly);
- Commodities retreat ahead of downturn;
- Normalising interest rates – and fast;
- Reserve Bank of New Zealand – Official Cash Rate Cycles;
- Interest rates ease off recent highs;
- New Zealand Swap Rates; and
- Reserve Bank of New Zealand estimate of the neutral Official Cash Rate.

Presenters responded to questions as follows:

- In terms of New Zealand swap rates and hedge rates, Council should be aware of what was playing out at this time. Although Western Bay of Plenty District Council had been carrying hedges in line with its policy, its debt had hardly grown. The Department of Internal Affairs had indicated via communication it would leave
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interest rate hedging within New Zealand councils when underlying debt moved. From an interest rate perspective, this would mean Councils would take underlying mark to market gains or losses. Staff had committed to working with Department of International Affairs to manage this issue through the transition time line.

- There could be a sharp reversal in inflation should the country go into recession as interest rates continue to increase. The Consumer Price Index could stay uncomfortably high from the Central Banks. Wage inflation and various global influences were causing this 'feedback loop' into headline inflation.

10am Cr Henry withdrew from the meeting.

RESOLUTION AR22-3.2

Moved: Mayor G Webber

Seconded: Cr D Thwaites

1. That the Chief Financial Officer's report dated 9 August 2022 titled 'Bancorp Treasury Update and Presentation' be received.
2. That the presentation from Bancorp Treasury dated 9 August 2022 be received.

CARRIED

9 REPORTS

9.1 TREASURY UPDATE REPORT

The Committee considered a report dated 9 August 2022 from the Chief Financial Officer. The report was taken as read.

Staff responded to questions as follows:

- Council was about to embark on the next Long Term Plan which meant it had a duty to make assumptions and strategic decisions up front in terms of the Three Waters Reforms and other reform proposals irrespective of whether Three Waters happened or not.

RESOLUTION AR22-3.3

Moved: Cr M Dean

Seconded: Cr A Sole

That the Chief Financial Officer's report dated 9 August 2022 titled 'Treasury Update Report' be received.

CARRIED

10:27 The meeting adjourned

10:41 The meeting reconvened

10:41 Cr Murray-Benge entered the meeting

9.2 QUARTERLY REVIEW OF RISK PROFILE

The Committee considered a report dated 9 August 2022 from the Chief Financial Officer. The report was taken as read.

Staff responded to questions as follows:

- The biggest issue at the moment was acquiring international supplies. There was currently a six month delay, so Council had to be careful around project management and work plans into the supply and ordering cycle.
 - Council's risk reports were previously very transactional. However, this was now changing and had moved to a more forward looking view/high level way of thinking about strategies and how people operated. This had progressed well.
 - Managing the delivery of projects was very important. The Performance and Monitoring Committee was looking at projects from a time/cost perspective. The implementation of project management was one of the three top priorities for Council as an organisation. Council had an independent person putting together a project framework within the capital programme.
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RESOLUTION AR22-3.4

Moved: Mayor G Webber

Seconded: Cr M Grainger

That the Chief Financial Officer report dated 9 August 2022 titled 'Quarterly Review of Risk Profile' be received.

CARRIED

9.3 UPDATE ON OUTSTANDING AUDIT ITEMS (INTERNAL/EXTERNAL) AUGUST 2022

The Committee considered a report dated 9 August 2022 from the Financial Controller. The report was taken as read.

Staff responded to questions as follows:

- Audit New Zealand had informed Council that it was experiencing resourcing issues and as such was mainly involved in other big projects at this time.
 - It would not be until the new calendar year that Audit New Zealand could commence audit and enable Council to sign off the Annual Report. This was out of Council's control. Audit New Zealand had placed the lowest risk New Zealand Council's down the order of their job list. As such, Western Bay of Plenty District Council's audit had been delayed. It was thought many New Zealand council's
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would not meet statutory compliance of having their Annual Report signed off by December 2022.

RESOLUTION AR22-3.5

Moved: Cr D Thwaites

Seconded: Cr A Sole

That the Financial Controller's report dated 9 August 2022 titled 'Update on Outstanding Audit Items (Internal/External) August 2022' be received.

CARRIED

9.4 HEALTH AND SAFETY REPORT

The Committee considered a report dated 9 August 2022 from the Health and Safety Advisor. The report was taken as read.

Staff responded to questions as follows:

- There had been a big drive from larger organisations doing high risk work to report 'near misses'.
 - The recent dog issue had been reviewed by Health and Safety staff who had gone back through the process that had taken place. Animal Services had a safety plan in place and had engaged the Police. Customer Services had been duly informed of the dog owner and his actions. Open and honest conversations had taken place with staff, with a debriefing for what had gone well and what had not, for future events. The Police had resolved the issue and dealt with the offender.
 - Physical and verbal abuse directed at contractors were captured as safety events. Critical risks were identified. Health and Safety staff were working with external trainers and working on continuous improvement training.
 - Staff sick leave days were up 50% from last year due to a second wave of COVID-19 and winter flu. Council's approach was to support staff and take a flexible approach to sick leave.
 - Currently, verbal abuse was captured as an event under mental health. However, it could be captured as individual data.
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RESOLUTION AR22-3.6

Moved: Cr A Sole

Seconded: Cr M Dean

That the Health and Safety Advisor's report dated 9 August 2022 titled 'Health and Safety Report' be received.

CARRIED

10 INFORMATION FOR RECEIPT

Nil

11 RESOLUTION TO EXCLUDE THE PUBLIC**RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION AR22-3.7**

Moved: Cr J Denyer

Seconded: Cr M Grainger

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
11.1 - Litigation Update	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	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

CARRIED**The Meeting closed at 11:24am.****Confirmed as a true and correct record by Council on 15 September 2022**