

**MINUTES OF WESTERN BAY OF PLENTY DISTRICT COUNCIL
AUDIT, RISK AND FINANCE COMMITTEE MEETING NO. ARFC26-2
HELD IN THE COUNCIL CHAMBERS, 1484 CAMERON ROAD, TAURANGA
ON TUESDAY, 26 MAY 2026 AT 9.30AM**

1 KARAKIA

The Chairperson opened the meeting with a motivational quotation.

2 PRESENT - NGĀ MEMA KEI KONEI

Cr T Coxhead, Cr S Beech, Cr G Dally, Mayor J Denyer, Cr D Dinsdale, Cr G Elvin, Cr R Joyce, Deputy Mayor M Murray-Benge, Cr L Rae, Cr A Sole and Member R Scott.

3 IN ATTENDANCE - I TAE AKE

M Potton (Chief Executive), A Henderson (Acting General Manager Corporate Services / Programme Director - Water Organisation), A Curtis (General Manager Regulatory Services), A Lane (General Manager Strategy and Community), J Fearn (Chief Financial Officer), S Riley (Risk and Assurance Manager), D Crowe (People and Capability Manager), R Garrett (Governance Manager), H Wi Repa (Governance Systems Advisor).

4 APOLOGIES - NGĀ WHAKAPAHĀ

Nil

5 CONSIDERATION OF LATE ITEMS - NGĀ TAKE TŌMURI

Nil

6 DECLARATIONS OF INTEREST - NGĀ TUKITUKINGA

Nil

7 TRANSFER OF PUBLIC EXCLUDED ITEM - TE WHITINGA O TE AO MĀRAMA KI NGĀ TAKE MUNA

Nil

8 PUBLIC FORUM - WĀHANGA TŪMATANUI

Nil

9 PRESENTATIONS - NGĀ WHAKATAIRANGA

Nil

The Chairperson welcomed Independent Member Ron Scott, who introduced himself to the Committee. Mr Scott outlined his previous governance and financial experience.

10 MINUTES FOR CONFIRMATION – TE WHAKATAU I NGĀ MENETI

10.1 MINUTES OF THE AUDIT, RISK AND FINANCE COMMITTEE MEETING HELD ON 17 MARCH 2026

RESOLUTION ARFC26-2.1

Moved: Deputy Mayor M Murray-Benge

Seconded: Cr L Rae

1. That the Minutes of the Audit, Risk and Finance Committee Meeting held on 17 March 2026 be confirmed as a true and correct record and the recommendations therein be adopted.
2. That the Chairperson's electronic signature be inserted into the confirmed minutes.

CARRIED

11 REPORTS – NGĀ PŪRONGO

11.1 HEALTH, SAFETY AND WELLBEING REPORT

The Committee considered a report dated 26 May 2026 from the People and Capability Manager who spoke to key areas of the report.

Staff responded to pātai as follows:

- Staff advised that further information on asbestos management and monitoring would be provided at the Committee's July meeting.
 - Contractor management was an area where Council could improve its level of maturity. Staff had been working closely with contract and procurement managers to strengthen contract management practices and ensure that health and safety requirements were embedded within contracts. It was noted that work was underway to provide assurance that contractors were delivering the works as contracted.
 - The risk of violence and aggression had been identified as a critical organisation risk as it was relevant across the organisation, particularly for customer-facing roles. There was strong engagement with staff to ensure mitigation measures were fit for purpose, and that those regularly exposed to such behaviour were appropriately trained and equipped to manage and
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de-escalate situations. As result of this, the risk had been assessed as moderate.

- Where staff were aware they may be entering a potentially dangerous situation, they would often work in pairs; however, this was dependent on the specific circumstances.
- Council had introduced proactive checks, including pre-use vehicle inspections, as preventative measures to reduce the risk of incidents.
- Pulse RM was a risk management software that would provide a collective and consistent view of operational risk across the organisation, including standardised reporting, corporate planning and performance monitoring, and would be integrated across key projects and performance indicators.
- Council had a robust health and safety system in place and continued to focus on areas for improvement.
- In relation to the Water Services Organisation, staff advised that both councils would contribute to the organisation's health and safety system, with some shared services where appropriate. It was noted that shared service arrangements would initially be considered by the Joint Committee for inclusion in a work programme before being referred to Council for decision.
- Staff advised that Council maintained specific health and safety requirements for contractors, and that all major contractors were certified and operated with robust health and safety systems.

RESOLUTION ARFC26-2.2

Moved: Cr A Sole

Seconded: Deputy Mayor M Murray-Benge

1. That the People and Capability Manager's report dated 26 May 2026 titled 'Health, Safety and Wellbeing Report' be received.

CARRIED

11.2 IANZ ACCREDITATION - WESTERN BAY OF PLENTY DISTRICT COUNCIL BUILDING CONSENTING AUTHORITY

The Committee considered a report dated 26 May 2026 from the Building Services Manager. The General Manager Regulatory Services provided an overview of the report.

Staff responded to pātai as follows:

- Council continued to be assessed as a low-risk Council, with most areas of non-compliance being minor, aside from a small number requiring further attention. These areas primarily related to training needs, including compliance schedules. Staff considered the feedback received to be reasonable and consistent with that expected of a building consenting authority.
- Staff noted that one area of non-compliance required Council to demonstrate that staff were appropriately trained in compliance schedules and could demonstrate how this knowledge was being applied in practice. It was further noted that there was an inherent time lag between staff completing formal training and IANZ being able to assess how that knowledge had been retained and applied, contributing to this being one of the final non-compliance areas to be closed.
- The IANZ accreditation was a statutory requirement and provided independent assurance of Council's building control functions. It was noted that IANZ was the sole provider of this accreditation. Staff would report the associated costs to the Committee.
- Staff advised that all non-compliances were expected to be closed by the end of May, with reaccreditation anticipated within two weeks.
- Council used Promapp for its quality management system, which was multi-layered and could be challenging for external assessors such as IANZ to navigate. Staff were trained to use the system and locate relevant documentation.

RESOLUTION ARFC26-2.3

Moved: Cr L Rae
Seconded: Cr S Beech

1. That the Building Services Manager's report dated 26 May 2026, titled 'IANZ Accreditation - Western Bay of Plenty District Council Building Consenting Authority Report' be received.

CARRIED

11.3 MONTHLY FINANCIAL REPORT – 31 MARCH 2026

The Committee considered a report dated 26 May 2026 from the Chief Financial Officer, who provided an overview of the report.

Staff responded to pātai as follows:

- Staff advised that analysis indicated Council was expected to make a small contribution to the general rates reserve at the end of the 2025/26 financial year, resulting from a modest surplus. Staff noted that Council had set to rebuild the general rates reserve and has a three year internal loan to fund previous rating deficit from 2024. The improved regulatory activity will contribute to the anticipated surplus. It was further noted that the quantity of rates that Council has makes forecasting the final position of the general rates reserve complex.
- Work was underway to better align financial reporting with infrastructure project reporting. With the implementation of Council's Pulse system and a project management scorecard, staff anticipated being able to reconcile accounting period reporting to a more holistic view of project performance once this system and the Councils new Datascape finance system has been fully imbedded.

The largest savings year to date in Capital projects are within the structure planning area, amounting to approximately \$10 million. It was noted that both unders and overs occurred across budgets, with the most accurate reflection provided at year end when all projects and cost centres were reviewed and when carry forwards into the next financial year were determined. It was further noted that the report was not intended to provide individual project-level detail, as this was reported to the Projects and Monitoring Committee, and that the distinction between timing differences and genuine savings could be further clarified.

- Staff advised that, in relation to the Te Puke Wastewater Treatment Plant project, no bonus provisions were included for early completion. The project was reported to be on track in terms of budget, with some timing variations affecting current financial reporting. Staff noted that bonus arrangements were uncommon in large contracts, as such incentives could lead to unintended behaviours, including reduced workmanship or shortcuts. It was further noted that contractors were generally incentivised to complete works efficiently to minimise their own costs.
- Quayside Holdings had targeted the sale of approximately 8–10 hectares per annum at the Rangiora Business Park, which would in turn drive infrastructure demand. Council would align the provision of infrastructure with the timing of development, with costs recovered through financial

contributions (FINCOs) from developers and landowners. In relation to the Te Puke Wastewater Treatment Plant, staff advised that capacity was being developed to service the Rangiora Business Park over a longer-term horizon, beyond the next 2–3 years.

- Quayside Holdings had funded the upfront investment in the Rangiora Business Park, with Council collecting a portion of FINCOs on their behalf. The timing of FINCO revenue relative to development activity could not be reliably forecasted, and while growth projections and engagement with developers and Quayside Holdings informed estimates, these remained indicative only.
- The corporate services revenue included general rates, with higher revenue reported due to the penalty income received.
- Staff advised that the increase in corporate services revenue and decrease in expenses reflected the inclusion of general rates in revenue and this is elevated due to penalty income and growth in the general rates base. Staff noted that corporate expenses were significantly under budget, primarily due to timing impacts associated with the Datascape and Waters projects, which were recorded within the corporate services activity.
- A portion of rates penalty revenue could ultimately be written off where debts became uncollectable. Council offered a 3% discount for early payment of rates, while penalties of 10% were applied where rates remained unpaid after 1 July of the following rating year, with a further 10% applied six months later. It was further noted that these penalties were set by Council.
- Staff advised that where a ratepayer was in arrears, the initial approach was to work with the individual to establish a payment arrangement. If required Council would then engage with the banks where the ratepayer property has a registered mortgage to seek payment of these rates. Staff noted that significant arrears often reflected broader financial challenges, and efforts were made to support ratepayers in addressing these. It was further noted that where a property was foreclosed, outstanding rates were typically settled through the sale proceeds. However, some rates remained uncollectable. Staff also noted that while penalties were recognised as revenue, they did not represent cash received and could be written off at a future date.
- It was noted that fuel costs, and on-costs from this, were likely to be a key driver of inflation in New Zealand and that the impact here could be greater than in larger countries. Staff noted that Bancorp would be invited to the 28 July Committee meeting to provide a full update.
- Staff advised that the management of interest rates and borrowing was partially dependent on Council's risk appetite, including decisions to borrow in advance based on interest rate forecasts. Interest rate risk was managed

in conjunction with Bancorp, with a focus on securing favourable rates. Collars can be used to set a range for interest rates and secure favourable terms when possible. Council maintained a conservative approach to the management of ratepayer funds.

- Finance costs related to interest only and did not include capital repayments. Staff noted that a graphical overview of debt profiles, including repayment peaks and troughs, would be provided to support governance and decision-making.

RESOLUTION ARFC26-2.4

Moved: Cr R Joyce

Seconded: Cr G Elvin

That the Chief Financial Officer's report dated 26 May 2026 titled 'Monthly Financial Report – 31 March 2026' be received.

CARRIED

10.55am Meeting adjourned for morning tea

11.18am Meeting reconvened

11.4 LOCAL GOVERNMENT FUNDING AGENCY – CASH ADVANCE FACILITY

The Committee considered a report dated 26 May 2026 from the Financial Analyst. The Chief Financial Officer provided an overview of the report.

Staff responded to pātai as follows:

- Council would need to apply to the Local Government Funding Agency (LGFA) and recommend an appropriate borrowing limit. This had not been factored in at the time of the meeting; however, staff noted that such a facility could provide useful flexibility for day-to-day operations.
 - Staff advised that it was unlikely the introduction of the facility 12 months earlier would have resulted in significant savings. The primary benefit would have been reduced cash holdings and the ability to repay debt sooner. Council would still have maintained a similar hedging profile, locking in rates over the longer term given its debt levels. Staff noted that a reduction in cash holdings of \$10 million would deliver an estimated annual interest saving of approximately \$400,000.
 - Council's borrowing was undertaken through the LGFA, and the use of the LGFA's cash advance facilities would be more cost-effective than comparable commercial bank options. Staff noted that Council's position
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was expected to change when a significant portion of debt transferred to the Water Organisation in 2027, potentially reducing the need for large loan facilities and increasing the relevance of smaller cash advance facilities.

- There was typically a 15–20 basis point difference between LGFA rates and commercial bank rates. Council would consider reducing its limits with commercial banks if it proceeded with an LGFA facility; however, it was important to maintain relationships with commercial banks.
- Staff advised that a commitment fee of 20 basis points was payable quarterly. It was noted that the facility would be useful for short-term cash flow management, particularly during rate strikes and instalment payments.
- Council typically held between \$10–15 million in its bank accounts, although this fluctuated. The proposed LGFA facility would allow tighter cash management. Staff noted that during peak periods, such as after rates instalments when balances could increase to \$20–30 million, surplus funds were placed on term deposit with commercial banks, which reduced the potential benefits of the cash advance facility.
- Staff advised that Council’s borrowing constraints were set through the Treasury Policy, and that any LGFA cash advance facility would need to be incorporated into that policy.
- The LGFA itself maintained sufficient liquidity to meet its obligations to external creditors. In the event that the LGFA called on its guarantee, councils had the legislative ability to raise rates to meet those obligations. It was clarified that Tauranga City Council remained under closer monitoring by LGFA with its 350% debt to revenue limit and in relation to its Standard & Poor’s credit rating. Staff advised that the LGFA typically permitted councils to borrow up to a maximum of 280% of debt to revenue.
- There were a number of ratepayers paid their rates on a fortnightly, monthly, or weekly basis. Staff noted that the timing of rates instalments could be amended through the Annual Plan or Long-Term Plan, if required.

RESOLUTION ARFC26-2.5

Moved: Deputy Mayor M Murray-Benge

Seconded: Cr R Joyce

That the Financial Analyst’s report dated 26 May 2026, titled “Local Government Funding Agency – Cash Advance Facility” be received.

CARRIED

11.5 INTERNAL AUDIT FRAMEWORK & WORK PLAN 2026-29

The Committee considered a report dated 26 May 2026 from the Risk and Assurance Manager, who provided an overview of the report.

Staff responded to pātai as follows:

- A work programme for the Committee would be developed and reported back, covering all matters to be considered by the Committee.
- Staff noted that the nature of the work programme was similar to previous programmes, although priorities may differ. It was further noted that the internal audit protocol required reporting to the Executive Leadership Team and then to the Committee, consistent with previous practice.
- Staff advised that the inclusion of projects within the programme was influenced by budget constraints, and that timing was regularly reviewed and could be adjusted as required. The Committee was able to provide input on timing where necessary.
- Staff noted that pages 113-115 of the report provided a high-level overview of the proposed three-year work programme, which was intended to address all areas outlined over that period.

RESOLUTION ARFC26-2.6

Moved: Cr D Dinsdale
Seconded: Mayor J Denyer

1. That the Risk and Assurance Manager's report dated 26 May 2026, titled 'Internal Audit Framework & Work Plan 2026-29', be received and approved.

CARRIED

12 INFORMATION FOR RECEIPT - KŌRERO TE WHIWHIA

12.1 RISKPOOL UPDATE

The Committee considered a report dated 26 May 2026 from the Risk and Assurance Manager. The Chief Financial Officer provided an overview of the report.

Staff responded to pātai as follows:

- There were approximately 16-17 Councils involved in the pool, with the majority of claims relating to leaky homes. Staff would confirm whether Council had made any claims against the pool.

12.2 RISK UPDATE FOR INFORMATION & DISCUSSION

The Committee considered a report from the Risk and Assurance Manager who provided an overview of the report.

Staff responded to pātai as follows:

- A review of Council’s use of AI was included in the internal audit programme, with the option to bring this forward from Year 2.
- Staff advised that Council’s IT department had been actively monitoring the use of AI across the organisation and that a high-level policy and controlled approach had been established. Approximately 50 AI licences, including internal Copilot tools, were in use, with safeguards in place to protect confidential information. Staff noted that training was being provided at both beginner and advanced levels.
- Staff noted that the IT Acceptable Use Policy, signed by all staff and Elected Members, included guidance on AI usage.
- Council’s Communications team used data to help address misinformation and ensure accurate information was provided to the community.
- It was noted that there was an expectation that disclosure would be made where AI had been used in the preparation of Council reports and agendas.

13 RESOLUTION TO EXCLUDE THE PUBLIC – WHAKATAU KI TE PORO I TE MAREA

RESOLUTION TO EXCLUDE THE PUBLIC

RESOLUTION ARFC26-2.7

Moved: Cr L Rae
 Seconded: Cr R Joyce

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
13.1 – Confidential Minutes of the Audit, Risk and Finance	s7(2)(g) – the withholding of the information is necessary	s48(1)(a)(i) – the public conduct of the relevant part of the proceedings of the meeting would be likely to

<p>Committee Meeting held on 17 March 2026</p>	<p>to maintain legal professional privilege</p>	<p>result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>13.2 - Insurance and Litigation Report</p>	<p>s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p>	<p>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</p>
<p>13.3 - Risk Management</p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>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</p>
<p>CARRIED</p>		

The Meeting closed at 12.37pm.

Confirmed as a true and correct record by the Committee on 28 July 2026.

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 Cr T Coxhead
CHAIRPERSON