



**chatham islands council**

# Performance Audit & Risk Committee

MEETING PACK

for

**PARC Meeting**

Monday, 25 March 2024

9:00 am (+1345)

Held at:

Chatham Islands Council

13 Tuku Road, Chatham Islands

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## Performance, Audit and Risk

### 2.1 Minutes of Meeting 19 February 2024

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<b>Date of meeting</b>	25 March 2024
<b>Agenda item number</b>	2.1
<b>Author/s</b>	Jo Guise, Executive Assistant

#### **Purpose**

To approve the minutes from the Performance, Audit & Risk meeting held on 19 February 2024.

#### **Recommendations**

**THAT the minutes of the Performance, Audit & Risk meeting held on 19 February 2024 be a true and accurate record.**

# MINUTES

## PARC MEETING



<b>Name:</b>	Performance Audit & Risk Committee
<b>Date:</b>	Monday, 19 February 2024
<b>Time:</b>	9:00 am to 6:46 am (+1345)
<b>Location:</b>	Chatham Islands Council, 13 Tuku Road, Chatham Islands
<b>Committee Members:</b>	Mr Philip Jones (Committee Chair), Cr Keri Day, Mayor Monique Croon, Cr Steve Joyce
<b>Attendees:</b>	Ms Colette Peni, Ms Jo Guise, Ms Mereraina Hemara, Mr Paul Eagle, Ms Tanya Clifford
<b>Apologies:</b>	Cr Greg Horler

### 1. Opening Meeting

#### 1.1 Apologies



##### Apologies

THAT the apologies be accepted.

**Decision Date:** 19 Feb 2024  
**Mover:** Mr Philip Jones  
**Second:** Cr Steve Joyce

Cr Greg Horler - lateness

#### 1.2 Interests Register

N/A

#### 1.3 Action List

### 2. Confirm Minutes

#### 2.1 Confirm Minutes 4 December 2023

The CE advised the Riskpool invoice had been paid, however Riskpool could not give any guarantees that this would be the last invoice.



##### Minutes 4 December 2023

THAT the minutes from the meeting on 4 December 2023 be a true and accurate record.

**Decision Date:** 19 Feb 2024  
**Mover:** Mayor Monique Croon  
**Second:** Cr Keri Day

**Outcome:** Approved

### 3. Financial Report

#### 3.1 Financial Report



##### Financial Report

THAT the Performance, Audit & Risk Committee receives the report.

**Decision Date:** 19 Feb 2024  
**Mover:** Cr Steve Joyce  
**Seconder:** Cr Keri Day  
**Outcome:** Approved

Ms Tanya Clifford presented new style format reporting to the PARC.

#### 3.2 2024 LTP Rates Comparison

Ms Tanya Clifford presented her report.



##### LTP Part D: Funding, and other financial management policies

THAT the PARC receive the report.

**Decision Date:** 19 Feb 2024  
**Mover:** Mr Philip Jones  
**Seconder:** Mayor Monique Croon

The committee agreed there needed to be an incremental increase of rates over the next 10 years.

### 4. Other Business

#### 4.1 Amendments to the Delegations Register



##### That the Performance, Audit & Risk Committee proposes the Delegation...

That the Performance, Audit & Risk Committee proposes the Delegations Register amendments to the Council.

**Decision Date:** 19 Feb 2024  
**Mover:** Mayor Monique Croon  
**Seconder:** Cr Keri Day

***The meeting moved to public excluded at 9.45am and out at 9.46am.***

***There being no further business the meeting closed at 9.46am.***



##### Move to Public Excluded

THAT the meeting move to public excluded.

**Decision Date:** 19 Feb 2024  
**Mover:** Mr Philip Jones  
**Seconder:** Cr Steve Joyce



## Performance, Audit & Risk Committee

### 3.1 Financial Report

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<b>Date of meeting</b>	25 March 2024
<b>Agenda item number</b>	3.1
<b>Author/s</b>	Tanya Clifford, ECan

#### **Purpose**

To present to the Performance, Audit & Risk Committee the financial report for February 2024.

#### **Recommendations**

**That the Performance, Audit & Risk Committee receives the report.**

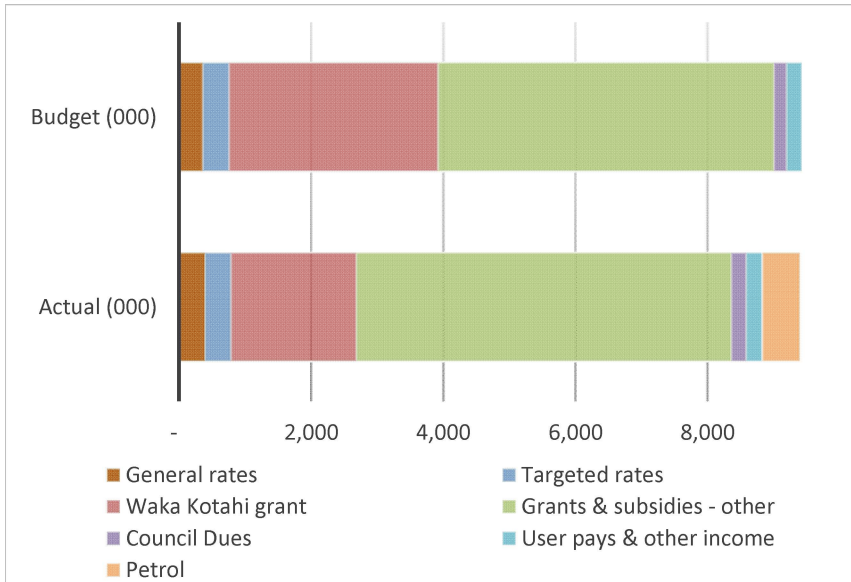
# Graphical Financial Information

as at 29 February 2024



chatham islands council

## Revenue

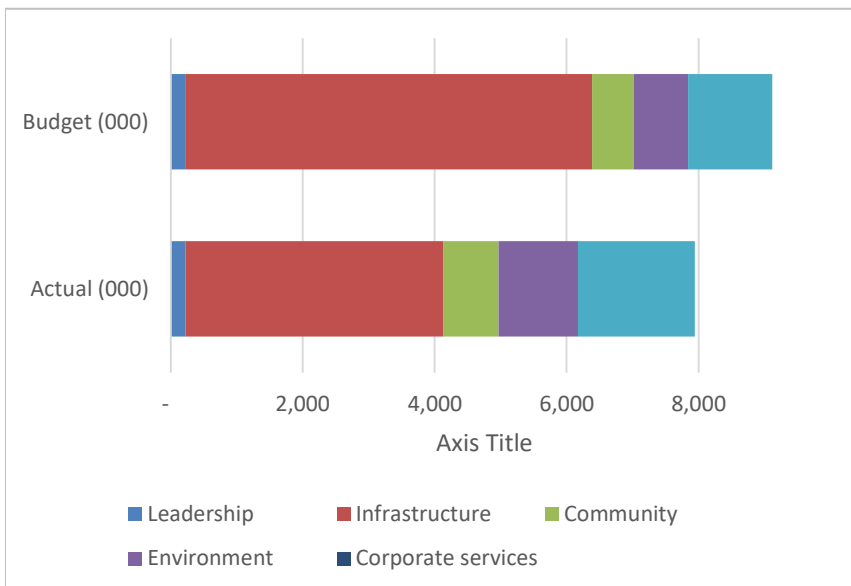


No significant items of concern related to revenue items. However, it is worth noting:

\* Waka Kotahi, NZTA subsidy is driven by actual expenditure on roading works. The grant includes capital and operating expenditure.

\* Remaining other variances relate to timing differences between actual revenue, which has received a number of large up-front payments early in the year - compared with budget, which assumes a smooth receipt of revenue over the course of the year.

## Operating & Capital Expenditure



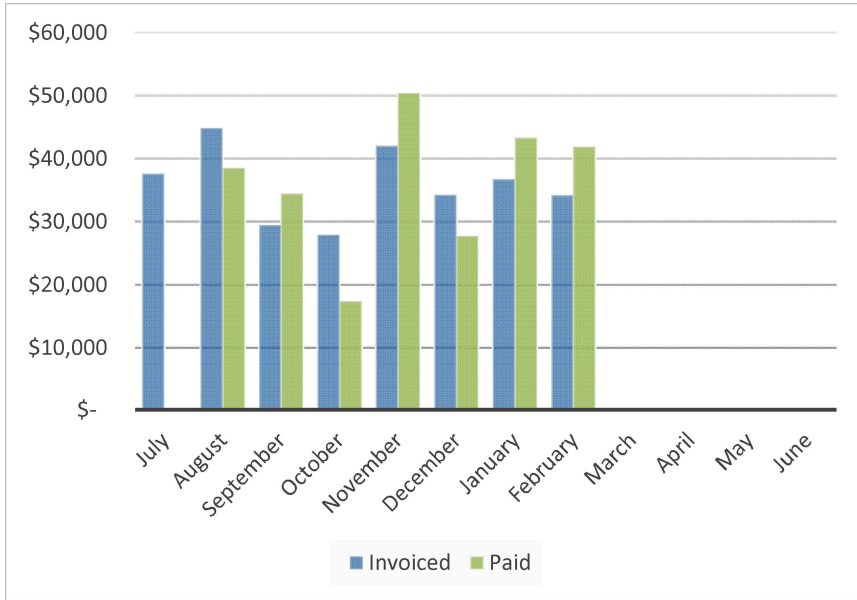
No significant items of variance related to expenditure.

\* Waka Kotahi/NZTA funded roading projects are slightly behind budget due to issues sourcing material and other operational/weather delays, expenditure is likely to increase as the year progresses and weather conditions improve.

\* Community expenditure includes costs are high, due to the purchase and supply of petrol (unbudgeted) to the island and water tanks installed.

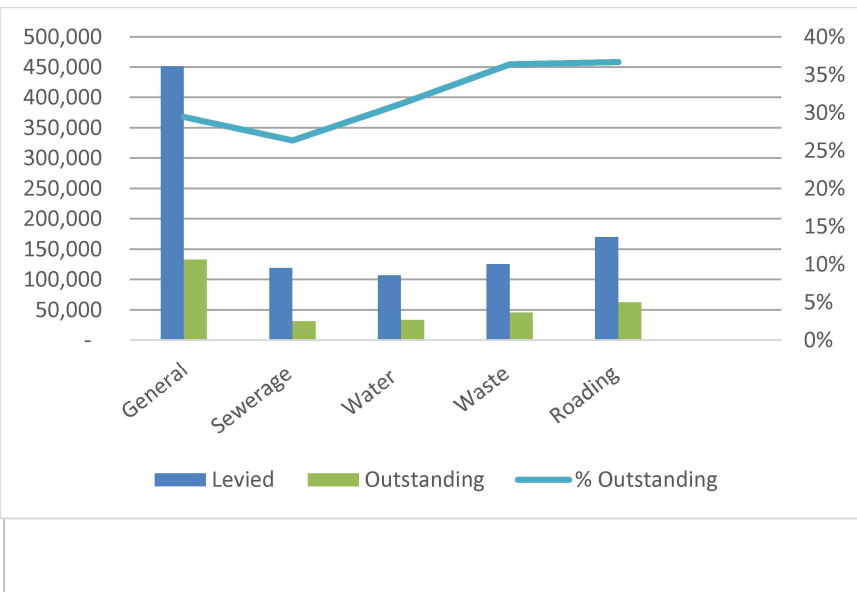
For more information refer to the more detailed report.

### Revenue Council dues collectability



Note: The current outstanding Council Dues balance is \$33k. Council dues payments trends have indicated payments are not always on a timely basis. Council officer's have been proactive in following up outstanding dues payments with the applicable organisations. Delays in collecting Council Dues, increases the risk of funds not being collected.

### Revenue rates collectability



Council has four rate instalment dates for the 2024 financial year, of which, three have now past meaning one instalment is still outstanding. While the graph indicates that 35% of annual rates are outstanding, if an adjustment was made for the instalment dates, the level of outstanding rates would be lower (reflective of some ratepayers paying their rates in full). There has been a focus on collecting long outstanding rate balances, with some success with the collection approach and further follow up of outstanding balances would be encouraged.



## Statement of Comprehensive Revenue and Expense

as at 29 February 2024



	Actual (000) \$000	Budget (000) \$000	Variance	Note Ref
<b>Revenue</b>				
General rates	392	358	34	1
Targeted rates	396	400	(4)	1
Grants & subsidies - Waka Kotahi NZTA	1,893	3,164	(1,271)	2
Grants & subsidies - other	5,679	5,088	591	2
Council Dues	225	187	38	
Petrol	567	-	567	3
User pays, fees & charges and other income	248	231	17	4
<b>Total revenue</b>	<b>9,400</b>	<b>9,428</b>	<b>(28)</b>	
<b>Expenditure</b>				
Leadership and community partnerships	227	232	(5)	
Transportation, roading and coastal networks	1,467	2,431	(963)	5
Three waters - water	346	268	78	5
Three waters - wastewater & stormwater	143	501	(358)	5
Waste management and minimisation	571	527	43	5
Community development & emergency response	1,201	627	574	6
Environmental management, protection and monitoring	836	825	11	
Corporate services	1,769	1,275	494	7
<b>Total expenditure by activity</b>	<b>6,560</b>	<b>6,687</b>	<b>(127)</b>	
<b>Total surplus/(loss)</b>	<b>2,840</b>	<b>2,741</b>	<b>99</b>	

### Variance explanations:

- Rates are invoiced based on the Council approved rates strike. A minor difference has occurred, with recognition of penalty payments and repayment of outstanding rates.
- Roading subsidy based on 88% of actual expenditure (operational and capital). The negative variance in revenue is matched against the negative variance with roading capital and operational expenditure. Roading projects tend to accelerate as weather conditions become more favourable and expenditure may reduce if work is delayed. Some projects have also been deferred - primarily Owenga Wharf, this has been incorporated into the next NZTA funding bid.  
For the remaining grants, the budget difference either relates to the early receipt of cash in February 2024 to fund better off funding projects (\$420k) or timing differences from better off funding projects in 2023, where the grant was received subsequent to the expenditure (\$160k) and therefore was excluded from the 2024 budget.
- The Council has recently facilitated the supply of petrol on the island and has been separately disclosed to show greater transparency. This revenue item was unbudgeted and has a contra expenditure increase.
- No significant variances of note or other comments related to other income.
- Infrastructure projects - primarily relate to the Stantec/Fulton Hogan roading, water, wastewater and waste management contracts. Roading works are generally slow to commence, awaiting more favourable weather conditions, some projects also deferred. Three waters work has been limited with funding restrictions impacting levels of service Council is able to provide. There exists a significant level of uncertainty related to how the affordable water programme will apply to Council.  
No other significant areas of variance to note, with contract for services operating within agreed deliverables.
- Community service expenditure includes the cost of the Council supplying petrol for the island, petrol expenditure is higher than previous monthly trends due to the Council purchasing higher fuel volumes on the expectation that the shipping service to the island will temporarily be unavailable (further review to come at a later date). This area also recognises approximately \$100k in expenditure related to the installation of water tanks as part of a resilience project - funded by way of grant.
- No notable areas of variance, rather the difference relates to timing impacts, with insurance costs, audit fees and IT upgrade works incurring large one-off payments early in the year. The budget assumes an allocation that is equally apportioned over the year.

*Processing for the month of November has not been complete, and therefore estimation of contract expenses for the month have been made. Depreciation expenditure has not been run for the year and therefore expenditure has been excluded.*

Capital expenditure summary	Actual \$000	Budget \$000	Variance	Note Refere
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	817	2,209	(1,393)	a
<b>Total sources of capital funding</b>	<b>817</b>	<b>2,209</b>	<b>(1,393)</b>	
<b>Application of capital funding</b>				
Roading works	928	2,428	(1,500)	a
Other - including community works (funded from TIF)	453	400	53	
Three waters - critical infrastructure*	-	3,199	(3,199)	
<b>Total application of capital funding</b>	<b>1,381</b>	<b>6,027</b>	<b>(4,646)</b>	
<b>Movement in reserves</b>	<b>(564)</b>	<b>(3,817)</b>	<b>3,253</b>	

\* Desired projects in the 2023/24 budget, removed due to lack of funding support

**Variance explanations:**

- a The grant figure relates to the Waka Kotahi budget, which is reflective of 88% of actual costs incurred. Actual expenditure behind expected budgeted levels, with work subject to weather fluctuations.

*Note, budget figures are allocated on an equal monthly apportionment*



## Performance, Audit & Risk Committee

### 3.2 Credit Card Summary

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<b>Date of meeting</b>	25 March 2024
<b>Agenda item number</b>	3.2
<b>Author/s</b>	Mereraina Hemara, Finance Technical Lead

#### Purpose

To present to the Performance, Audit & Risk Committee the Credit Card Expenditure Summary for September, October, November, December 2023.

#### Recommendations

**That the Performance, Audit & Risk Committee receives the Credit Card Expenditure summary for September, October, November, December 2023.**

#### Key Comments

- **Sensitive Expenditure September 2023**
  - **Flowers for Liz Carppe (Fulton Hogan)**
- **Sensitive Expenditure November 2023**
  - **Gift Basket for Owen Pickles (CIC - Retired)**
  - **Prizes for EM Kids Colouring Competition**

Sep-23	
Travel Costs	\$3,932.98
Tech Costs	\$ 596.14
Sensitive Exp.	\$ 143.48
Jobs4Nature	\$ 342.72
Vehicle Costs	\$ 43.86
Oct-23	
Travel Costs	\$2,009.71
Tech Costs	\$ 432.25
Vehicle Costs	\$1,252.13
Office Supplies	\$2,473.28
Nov-23	
Travel Costs	\$1,635.71
Tech Costs	\$ 806.53
Sensitive Exp.	\$ 453.54
Bank Fees	\$ 35.00
Vehicle Costs	\$ 152.15
Dec-23	
Tech Costs	\$ 334.32
Bank Fees	\$ 35.00



## Performance, Audit & Risk Committee

### 3.3 Rates Revaluation Request 2023-24

<b>Date of meeting</b>	25 March 2024
<b>Agenda item number</b>	3.3
<b>Author/s</b>	Mereraina Hemara, Finance Technical Lead

#### Purpose

To present to the Performance, Audit & Risk Committee the rates revaluation request letter from Ha O Te Ora O Wharekauri Trust.

#### Recommendations

That the Performance, Audit & Risk Committee;

1. Receive the letter
2. Approve the rates revaluation request for the current rating year 2023-24 to be based off their new valuation

#### Key Comments:

Property Description - Lot 15 DP 74262

RU359 - 25340/319.05

Comflat Road, Chatham Islands 8942

Rates Levied for 23/24 - \$7799.58

- 2 houses burnt down in October 2022
- Ha O Te Ora were advised prior to rating year commencement to request revaluation but was held up due to insurance
- QV have updated the valuation on property, CV is now \$305,000.00

Chatham Islands Council  
Council Building  
PO BOX 24  
13 Waitangi Tuku Road  
Waitangi  
Chatham Islands 8016

5 February 2024

Rate Demand

Kia ora CEO

On behalf of Ha O Te Ora O Wharekauri Trust I would like to make a request for the Council to revise the rates that are charged on our three houses at 16 Waitangi Tuku Road >The information we presently hold is valuation number 25340/31905 and unit 359. I am unsure if this pertains to the three house or one house.

As you will know we lost two off our houses 25 October 2022 to a fire. It remains we have one house standing which it is about to undergo repair to fully reinstate it

This leaves us in a dilemma as to where we are currently sitting as regards the rate demand.

I look forward to hearing from you in appreciation

Nga mihi

*Therese*

*Therese McCormick (Trustee Deputy Chair)*

*Ha O Te Ora O Wharekauri Trust*

*PO BOX 66, Waitangi*

*Chatham Islands*

*P 03 3050211 E [therese@haoteora.org.nz](mailto:therese@haoteora.org.nz)*



## Old Valuation

Valuation Reference 25340 31905		Computer Codes extns. 0 change ACDFGHJOU indic. 121000		Date of Revision 01/09/2021	Date form printed 15/06/2022						
Special Values VI 705000 VI LV 70000 LV CV 775000 CV Trees		Nature of Improvements 3 DWG OI		Occupier (within the meaning of the Rating Act) Ha O Te Ora O Wharekauri Trust							
		Rateable NOT APPLICABLE		PO Box 66 Waitangi Chatham Islands 8942							
SQ METRES 913		Address of Property/Situation 0 Waitangi Tuku RD		Name of District CHATHAM ISLANDS 76							
The sequence of data here is: Owner (if other than Occupier), Special Rating Area Information (If any), Description of Property.											
RECORD UPDATED: Date: 14/06/2022 Time: 07:37:49											
REGION: 51 Chathams		WARD: 1 Chatham Islands									
Lot 15 DP 74262											
CAT	ZN	US	UNT	SUB	G/P	AGE	CD	CS	SITE	FLR	CERTIFICATE OF TITLE
RN21B	9A	92	3	0	3	D	GG	WI	220	220	WN/41B /638 00/0000/0000
REASON: SUR... Cancel Apportionments now becomes /31901 - /31905											

## New Valuation

Valuation Reference 25340 31905		Computer Codes extns. 0 change CGO indic. 121000		Date of Revision 01/09/2021	Date form printed 08/02/2024						
Special Values VI 235000 VI LV 70000 LV CV 305000 CV Trees		Nature of Improvements DWG OI		Occupier (within the meaning of the Rating Act) Ha O Te Ora O Wharekauri Trust							
		Rateable NOT APPLICABLE		PO Box 66 Waitangi Chatham Islands 8942							
SQ METRES 913		Address of Property/Situation 0 Waitangi Tuku RD		Name of District CHATHAM ISLANDS 76							
The sequence of data here is: Owner (if other than Occupier), Special Rating Area Information (If any), Description of Property.											
RECORD UPDATED: Date: 07/02/2024 Time: 10:57:17											
REGION: 51 Chathams		WARD: 1 Chatham Islands									
Lot 15 DP 74262											
CAT	ZN	US	UNT	SUB	G/P	AGE	CD	CS	SITE	FLR	CERTIFICATE OF TITLE
RD21B	9A	91	1	0	1	D	GG	WI	73	73	WN/41B /638 00/0000/0000
REASON: TLA... Two houses destroyed											

- (3) The roll available for public inspection must not include the name of any person (unless necessary for identifying the rating unit) or any address other than the street address of the rating unit.

Compare: 1951 No 19 s 18A

Section 12(3): added (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

### 13 Notice of general revaluation to owners and occupiers

A territorial authority must give to the owner of each rating unit and ratepayer for the rating unit (if different) in its district—

- (a) a notice of the valuation placed on that land in a general revaluation; and
- (b) information as to the right of the owner or ratepayer to object to the valuation, and as to the manner in which an objection may be lodged.

Compare: 1951 No 19 s 18

Section 13: amended (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

Section 13(b): amended (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

## *Alterations to rolls*

### 14 Alterations during currency of rolls

- (1) A territorial authority may at any time, of its own motion or on the application of the owner of, or ratepayer for (if different), a rating unit appearing on the roll, make alterations to its current district valuation roll in order to readjust and correct valuations and entries and bring them up to date,—
- (a) in the manner and circumstances specified in rules made under this Act; and
  - (b) in accordance with any procedure specified in the rules.
- (2) Any change in the valuation of a rating unit under this section—
- (a) must preserve uniformity with existing roll values of comparable parcels of land; and
  - (b) must be notified to the affected owner or ratepayer under section 17, and is subject to objection under section 32.
- (3) A territorial authority that alters its district valuation roll under subsection (1) must as soon as is reasonably practicable notify that alteration to all other local authorities that use the roll for the purpose of their rating information database.

Compare: 1951 No 19 ss 12, 15



Section 14(1): amended (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

Section 14(2): amended (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

Section 14(2)(b): amended (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

Section 14(3): amended (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

## **15 Alteration may be backdated in case of certain omissions**

- (1) Subsection (2) applies if, for any reason,—
  - (a) the value of the rating unit does not appear in a current district valuation roll, either separately or as part of a larger area; or
  - (b) the value of a rating unit, or of any thing forming part of the unit, has not been included in the value of the unit as it appears in the current district valuation roll.
- (2) The value for the unit or thing must be entered on the valuation roll as from the end of the financial year that precedes the date on which the value is actually entered on the roll.
- (3) Nothing in subsection (2) authorises the entry on a district valuation roll of any thing as at a date earlier than the existence or commencement of the thing.

Section 15: substituted (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

## **16 New valuation on request**

- (1) An owner of, or a ratepayer for (if different), a rating unit may, by written notice to a territorial authority, request the territorial authority to make a new valuation of the unit for the purpose of the district valuation roll.
- (2) The reasonable costs of the valuation are payable by the applicant, and the territorial authority may require those costs to be paid before undertaking the valuation.
- (3) The new valuation—
  - (a) is to be made so as to preserve uniformity with existing roll values of comparable parcels of land; and
  - (b) is otherwise to be made in accordance with rules made under this Act.
- (4) A new valuation under this section, or any refusal to make or alter a valuation under this section, must be notified to the owner and the ratepayer (if different) under section 17, and is subject to objection under section 32.

- (5) For the purposes of section 6(2), a new valuation under this section, and any new valuation made by a Land Valuation Tribunal on objection from the new valuation, is to be treated as having been entered on the district valuation roll on the last day of the financial year in which the notice under subsection (1) was given, whether or not the new valuation has been actually made and entered on or before that date.

Compare: 1951 No 19 s 41

Section 16(1): substituted (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

Section 16(4): amended (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

## **17 Notice of alterations, etc, to owner and ratepayer**

- (1) Subsection (2) applies if an entry in the district valuation roll has been altered under section 14 or section 16, or a request for a new valuation under section 16 has been refused or has resulted in no change in value.
- (2) A territorial authority must give to the owner of each rating unit and the ratepayer for the unit (if different)—
- (a) a notice of the alteration, refusal, or unchanged value; and
  - (b) information as to the right of the owner or ratepayer to object to the alteration, refusal, or unchanged value and as to the manner in which an objection may be lodged.

Section 17: substituted (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

### *Equalisation certificates and special rating areas*

*[Repealed]*

Heading: repealed (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).

## **18 Equalisation certificates and special rating areas under Rating Powers Act 1988**

*[Repealed]*

Section 18: repealed (but only for the purpose of rating in a financial year that begins on or after 1 July 2003), on 31 March 2002, by section 137(1) of the Local Government (Rating) Act 2002 (2002 No 6).



## PARC Public Excluded Agenda

25 March 2024

### Chair to Move

I move that the public be excluded from the following part of the proceedings of the meeting.

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:

Item No.	Minutes / Report of:	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Chief Executive Officer	Minutes of PARC Public Excluded Meeting 19 February 2024	Good reason to withhold exists under Section 7	Section 48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by holding the whole or relevant part of the proceedings of the meeting in public, are as follows:

Item Nos	
1.	<p>Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. 7(2)(b)(ii)</p> <p>To maintain legal professional privilege. 7(2)(h)</p> <p>To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities. 7(2)(i)</p>