

MINUTES



P O Box 747, Gisborne, Ph 867 2049 Fax 867 8076
Email service@gdc.govt.nz Web www.gdc.govt.nz

MEMBERSHIP: Bruce Robertson (Independent Chair), Her Worship the Mayor Rehette Stoltz, Colin Alder, Andy Cranston, Tony Robinson, Rob Telfer and Josh Wharehinga

MINUTES of the AUDIT & RISK/ĀRAI TŪRARU ME TE TĀTARI KAUTE Committee

Held in Te Ruma Kaunihera (Council Chambers), Awarua, Fitzherbert Street, Gisborne on Wednesday 23 November 2022 at 9:00AM.

PRESENT:

Bruce Robertson (Independent Chair), Her Worship the Mayor Rehette Stoltz, Colin Alder, Andy Cranston, Tony Robinson, Rob Telfer and Josh Wharehinga.

IN ATTENDANCE:

Chief Executive Nedine Thatcher Swann, Director Lifelines David Wilson, Director Internal Partnerships James Baty, Director Engagement & Maori Responsiveness Anita Reedy-Holthausen, Chief Financial Officer Pauline Foreman, Risk & Performance Manager Steve Breen, Health & Safety Manager David Wilkinson, Democracy & Support Services Manager Heather Kohn and Committee Secretary Jill Simpson.

The meeting commenced with a karakia.

The Chair acknowledged and congratulated Councillor's success in the elections.

Secretarial Note: Items heard out of the order described in the agenda. For ease of reference they have been recorded in agenda order.

1. Apologies

There were no apologies.

Secretarial Note: Chair Bruce Robertson presented on 'A Good Audit & Risk Committee' and the presentation will be forwarded to all Councillors for their information.

2. Declarations of Interest

Cr Wharehinga declared an interest in Report 22-253 Gisborne Holdings Ltd - Ernst & Young Audit Close Report as a Director on the GHIL Board.

Cr Telfer declared an interest in Report 22-253 Gisborne Holdings Ltd - Ernst & Young Audit Close Report as the report is assessing the 12 months he was a Director on the GHIL Board.

3. Action Sheet and Governance Work Plan

3.1 Action Sheet

Traditionally Council has had forest insurance cover on Council's farm and it covers firefighting costs should a fire start on Council's land however cannot insure against loss of income.

Chief Financial Officer Pauline Foreman will make enquiries on the impact on carbon credits should a fire occur.

3.2 Governance Work Plan

Noted.

4. Leave of Absence

There were no leaves of absence.

5. Acknowledgements and Tributes

There were no acknowledgements or tributes.

6. Public Input and Petitions

There were no public input or petitions.

7. Extraordinary Business

There was no extraordinary business.

8. Notices of Motion

There were no notices of motion.

9. Adjourned Business

There was no adjourned business.

10. Reports of the Chief Executive and Staff for INFORMATION

10.1 22-252 Council Strategic Risk Management Report

Risk and Performance Manager Steve Breen attended and referred to the Strategic Risk Update Summary Table in the report. The remaining three risks are interconnected and more appropriate to complete the risk assessments post-election with the new Committee, given the impact potentially on Council's overall strategy. The intention is that these risks will be assessed and reported back to the Committee once there is clarity over what the actual risk event is that Council is either trying to prevent from occurring or to mitigate the impact and consequences. This is timely as the Long Term Plan and the Tairāwhiti Resource Management Plan processes are underway.

The Capital Projects risk is covered in the report and in particular Kiwa Pools and the Wastewater Treatment Plant.

Questions included:

- Each of the strategic risks would have a serious impact on Council's ability to deliver on one or all of its objectives. The actions being taken are to ensure that Council can deliver its objectives within the resources available and manage the risks of failure within an acceptable level. The heat map will be further modified to clarify the threshold of moderate, ie when Council is stepping over the threshold and when Council is living within the threshold.
- The tsunami maps were redefined and publicly released approximately 2 years ago and this indicated that the CDEM function was situated in a building within the tsunami inundation zone.
- Steps taken in terms of the recruitment process will be captured in future reports.
- Staff vacancies may be attributed to new roles as opposed to staff turnover.
- Exit interviews are carried out when staff leave. The presentation on the deep dive on People & Capability will be presented to Councillors.
- A number of actions are being taken to retain and attract staff.
- It will take 9 - 12 years to get the roading network back to where it was before the severe weather events and will take the additional \$161m which is not rated for.
- In Council's current situation it is recommended that Council workshop the schedule of strategic risks early in the near year and reconfirm they are the strategic risks that are still relevant and appropriate.

MOVED by Bruce Robertson, seconded by Cr Robinson

That the Audit & Risk/Ārai Tūraru me te Tātari Kaute Committee:

1. Notes the contents of this report.

CARRIED

10.2 22-253 Gisborne Holdings Ltd - Ernst & Young Audit Close Report

Gisborne Holdings Ltd Chairman John Rae attended the meeting via audio visual link.

Chief Financial Officer Sophie Ricard and Director Andrew Allan Gisborne Holdings Ltd were in attendance.

Chairman John Rae told the Committee they are in no position to be able to maintain the current asset portfolio without some changes. Gisborne Holdings Ltd (GHL) have been paying dividends to Council from either deferred Opex, Capex or sale of assets and a combination of all over the last 4 to 6 years. The Board has worked hard to meet Council's expectation and desire to have a \$2m dividend, however this has come at a cost to GHL's balance sheet. As a Board GHL do not believe that doing what they have always done will give an answer that is acceptable either for the Company or for their shareholder.

Chief Financial Officer Sophie Ricard commented that the change in the accounting treatment of the carbon credits is a major change in the way GHL are reporting accounts.

Questions of clarification included:

- GHL are confident they have the correct resources to improve processes and controls. There have been a number of changes in the GHL Management team and are now more streamlined and focused on the items that really matter.
- GHL have a minimum distribution to meet in accordance with their Distribution Policy however calculation is based on actual cash profit with 50% of the cash profit being distributed to Gisborne District Council.
- The term loan facility now sits under Current Liabilities. This followed a restructure with the Bank. There have been no additional charges from the Bank to date and ongoing discussions are occurring around options.
- GHL were reluctant to provide the Bank with full security over the farm. It is hopeful to change the security with the Bank to the additional land owned at Dunstan Road.
- The next large piece of work for GHL is working through what is possible, what is right and what is the best decision moving forward.
- The reference to the sale of other properties is the sale of the Banks Street land to Council.

MOVED by Cr Stoltz, seconded by Cr Robinson

That the Audit & Risk/Ārai Tūraru me te Tātari Kaute Committee:

1. Notes the contents of this report.

CARRIED

Secretarial Note: The meeting adjourned at 10.28am for morning team and reconvened at 10.50am.

10.3 22-263 Health & Safety

Health & Safety Manager David Wilkinson attended and answered questions of clarification. The area of Contract Management has been strengthened by additional resources focusing on Traffic Management Plan and the roading network. Summer students are going through the induction process.

Questions of clarification include:

- The process taken to maintain a high level of wellbeing among staff has been to work in with Council's culture group as well as looking at a number of initiatives over the next 12 months.
- Currie Construction will be included in the 'Near Miss Reporting - Tier 1 Contractors' as they have just taken on a couple of large projects.
- Council has a huge range of contractors and sub-contractors working across the network and there are appropriate reporting processes in place with regard to health and safety along with spot checks.
- Spontaneous audits are taking place and regular meetings occur with main contractors.
- Lifelines receive a daily report from all contractors across the roading network and they are aware where everyone is working across the district.

- The improvement opportunities listed in the report are critical or important. The challenges faced are in relation to staff turnover and changes of positions and roles.
- The VAULT/Damstra has been upgraded and more training will be taking place.

MOVED by Cr Stoltz, seconded by Cr Wharehinga

That the Audit & Risk/Ārai Tūraru me te Tātari Kaute Committee:

1. Notes the contents of this report.

CARRIED

11. Public Excluded Business

Secretarial Note: These Minutes include a public excluded section. They have been separated for receipt in Section 12 Public Excluded Business of Council

12. Readmittance of the Public

MOVED by Bruce Robertson, seconded by Mayor Stoltz

That the Council:

1. Re-admits the public.

CARRIED

13. Close of Meeting

There being no further business, the meeting concluded at 12.07pm.

Bruce Robertson

INDEPENDENT CHAIR