

HUTT CITY COUNCILKOMITI ITI AHUMONI I TŪRARU | AUDIT AND RISK SUBCOMMITTEE

Minutes of a meeting held in the Council Chambers, 2nd Floor, 30 Laings Road,
Lower Hutt on

Tuesday 30 April 2024 commencing at 2:00 pm

PRESENT: S Tindal (Independent Chair) Mayor C Barry (Deputy Chair)
Cr K Morgan Cr J Briggs
Cr T Stallinger (from 2.36pm)

APOLOGIES: Cr G Barratt

IN ATTENDANCE: J Miller, Chief Executive
A Blackshaw, Director Neighbourhoods and Communities
A Geddes, Director Environment and Sustainability
J Livschitz, Group Chief Financial Officer
B Cato, Chief Legal Officer
N Reddy, Risk and Assurance Manager (part meeting)
D Newth, Financial Accounting Manager (part meeting)
D Nunnian, Manager Financial Strategy and Planning (part meeting)
L Siriwardena, Legal Co-ordinator (part meeting)
A Quinn, Project Manager (Naenae) (part meeting)
H Bell, Elected Member Support Coordinator (part meeting)
J Kilty, Democracy Advisor
V Gilmour, Democracy Advisor

PUBLIC BUSINESS**1. OPENING FORMALITIES - KARAKIA TIMATANGA**

Whakataka te hau ki te uru	Cease the winds from the west
Whakataka te hau ki te tonga	Cease the winds from the south
Kia mākinakina ki uta	Let the breeze blow over the land
Kia mātaratara ki tai	Let the breeze blow over the ocean
E hī ake ana te atakura	Let the red-tipped dawn come with a
He tio, he huka, he hau hū	sharpened air.
Tihei mauri ora	A touch of frost, a promise of a
	glorious day.

2. APOLOGIES

RESOLVED: (S Tindal/Cr Briggs)

Minute No. ARSC 24201

"That the apology received from Cr G Barratt be accepted and leave of absence granted."

3. **PUBLIC COMMENT**

There was no public comment.

4. **CONFLICT OF INTEREST DECLARATIONS**

The Chair recorded that she had been reappointed as Deputy Chair of the New Zealand Infrastructure Commission until 31 August 2025.

Cr Briggs declared a conflict of interest in relation to 12. Sensitive Expenditure Disclosures. He took no part in discussion or voting on the matter.

5. **EXTERNAL AUDIT UPDATE - URBAN PLUS LIMITED GROUP**

Report No. ARSC2024/2/85 by the Financial Accounting Manager

Daniel Moriarty, Chief Executive Urban Plus Limited was in attendance for the item.

The Financial Accounting Manager elaborated on the report.

RESOLVED: (S Tindal/Cr Morgan)

Minute No. ARSC 24202

"That the Subcommittee receives and notes the Audit New Zealand audit plan for Urban Plus Limited Group Annual Report for the year ended 30 June 2024, attached as Appendix 1 to the report."

6. **EXTERNAL AUDIT UPDATE - SEAVIEW MARINA LIMITED**

Report No. ARSC2024/2/86 by the Financial Accounting Manager

Tim Lidgard, Chief Executive Seaview Marina Limited was in attendance for the item (via audio-visual link).

The Financial Accounting Manager elaborated on the report.

RESOLVED: (S Tindal/Cr Briggs)

Minute No. ARSC 24203

"That the Subcommittee receives and notes the Audit New Zealand audit plan for Seaview Marina Limited Annual Report for the year ended 30 June 2024, attached as Appendix 1 to the report."

7. **EXTERNAL AUDIT UPDATE - HUTT CITY COUNCIL**

Report No. ARSC2024/2/87 by the Manager Financial Strategy and Planning

The Manager Financial Strategy and Planning elaborated on the report.

RESOLVED: (S Tindal/Cr Morgan)

Minute No. ARSC 24204

"That the Subcommittee:

- (1) receives and notes the update on the external audit of the Long Term Plan 2024-2034;*
- (2) receives and notes the Audit New Zealand report to Council on the audit of the Long Term Plan Consultation Document, attached as Appendix 2 to the report;*
- (3) receives and notes the Audit New Zealand audit plan for the Group Annual Report for the year ended 30 June 2024, attached as Appendix 3 to the report;*
- (4) note the statutory deadline for the completion of the Group Annual Report 2023-24 is 31 October 2024;*
- (5) notes the planned external audit and review process, which includes reporting back to the Audit and Risk Subcommittee; and*
- (6) notes the focus areas for the external audit, which includes the performance measures related to Wellington Water Ltd."*

8. **STANDARD AND POORS GLOBAL RATINGS - RECENT REPORTS AND CHANGES IN LOCAL GOVERNMENT RATINGS**

Report No. ARSC2024/2/88 by the Group Chief Financial Officer

The Group Chief Financial Officer elaborated on the report. She advised that in August 2023, Council's Standard and Poor's credit rating assessment was adjusted from a stable outlook to a negative outlook due to increased investment and higher debt levels. She further advised that there was a high risk of potential downgrades in the future, with the next review scheduled for August 2024.

In response to a question from a member, the Chief Executive emphasised the importance of financial discipline in reducing the impact of a potential credit rating downgrade.

The Group Chief Financial Officer added that there was a focus from officers to get the best value for money in Council's procurement processes. She emphasised the significance of advocating for funding from central government.

RESOLVED: (S Tindal/Cr Morgan)

Minute No. ARSC 24205

"That the Subcommittee notes the Standard and Poor's Global Rating Agency reports and recent rating actions taken attached as Appendix 2 to the report."

9. 3 WATERS MATTERS

Report No. ARSC2024/2/83 by the Strategic Advisor

The Strategic Advisor elaborated on the report. He advised that the Department of Internal Affairs had contacted Council, suggesting reallocating unused funds from other projects to the three waters programme. He explained that while most funding had already been allocated, there were some uncommitted funds available for potential reallocation. He said Wellington Water Limited (WWL) had assessed the condition of the main Hutt Valley wastewater pipe, noting poor structural condition but no immediate risk of collapse. He said that WWL was collaborating with Waka Kotahi on a contingency plan and that an activity brief for pipe renewal/replacement was approved. He said the financial aspects would be reported through the Long Term Plan/ Annual Plan Subcommittee.

The Strategic Advisor further advised that WWL addressed a backlog of water leaks, which had now reduced to 600 from 700. He said the plan was to continue decreasing this backlog while saving funds. He added it was anticipated that an increase in workload around December 2024/January 2025 would require additional resources to be allotted

In response to questions from members, the Strategic Advisor clarified that although high criticality assets had been assessed, not every section of the main Hutt Valley wastewater pipe had been inspected. He explained that spot checks were conducted, and the pipe was identified due to the Riverlink works. He agreed to consult WWL for further action to anticipate such issues, considering the pipes' lifespan of 80 to 100 years. He confirmed that Upper Hutt City Council had been briefed about the actions taken regarding the pipe. He explained that discussions about costs would take place once there was clarity on what those costs might be.

RESOLVED: (S Tindal/Mayor Barry)

Minute No. ARSC 24206

"That the Subcommittee:

- (1) notes that all Councils in the Wellington Region, along with Horowhenua District Council, have agreed to be part of a regional project to develop a water services delivery plan and future delivery model;*
- (2) notes that the first phase of this work has commenced and will go through to August 2024;*
- (3) notes that unspent three waters reform transitional funding, provided by government under the previous reform process, will meet the costs of phase 1, but it is unclear at this stage whether future phases will be financially supported by government; and*
- (4) notes the risk of failure of a segment of the main wastewater pipe adjacent and under State Highway 2 (SH2)."*

10. COMPLYWITH: LEGAL COMPLIANCE REPORT

Report No. ARSC2024/2/84 by the Legal Co-ordinator

The Legal Co-ordinator elaborated on the report.

RESOLVED: (S Tindal/Cr Morgan)

Minute No. ARSC 24207

"That the Subcommittee:

- (1) notes the ComplyWith legal compliance report for the period 1 July 2023 to 31 December 2023; and*
- (2) notes that out of the 38 non-compliances recorded during the survey, 14 are already resolved. Once the six duplicates from the remaining 24 non-compliances have been removed, 18 Corrective Actions remain. These are listed in Appendix 1 attached to the report."*

11. RISK MANAGEMENT AND ASSURANCE UPDATE

Report No. ARSC2024/2/89 by the Risk and Assurance Manager - Finance

The Risk and Assurance Manager - Finance elaborated on the report.

RESOLVED: (S Tindal/Cr Briggs)

Minute No. ARSC 24208

"That the Subcommittee:

- (1) receives and notes the information in the report;*
- (2) notes there are eight risks (previously 10) on Council's strategic risk register;*
- (3) notes the update on "Other Assurance Activities and*
- (4) notes the Risk Register as at 30 March 2024 attached as Appendix 1 to the report."*

12. SENSITIVE EXPENDITURE DISCLOSURES

Report No. ARSC2024/2/50 by the Financial Accounting Manager

Cr Briggs declared a conflict of interest and took no part in discussion or voting on the matter.

The Financial Accounting Manager elaborated on the report.

RESOLVED: (S Tindal/Cr Morgan)

Minute No. ARSC 24209

"That the Subcommittee:

- (1) receives and notes the information; and*
- (2) notes the Sensitive Expenditure disclosure information attached as Appendix 1 to the report: Summary of Sensitive Expenditure 1 January 2024 to 31 March 2024."*

Cr Stallinger joined the meeting at 2.36pm.

13. INFORMATION ITEMS

a) **Whakatupu Ngaengae - progress update**

Memorandum dated 12 April 2024 by the Project Manager (Naenae)

The Project Manager (Naenae) elaborated on the report.

RESOLVED: (S Tindal/Cr Morgan)

Minute No. ARSC 24210

“That the Subcommittee:

- (1) *receives and notes the information; and*
- (2) *notes the following progress that has been made on the Whakatupu Ngaengae project:*
 - (a) *work on the new Naenae Pool and Fitness Centre is progressing well however recent adverse weather conditions have impacted on practical completion which is expected to be achieved in August 2024, followed by opening to the public in October 2024. Confidence remains high that the project can be completed within budget;*
 - (b) *the conversion of the old Naenae Post Office to a community centre is nearing completion, and a blessing of the site has been arranged for 17 May 2024, followed by the final fit-out for public use;*
 - (c) *community engagement on the scope of improvements to Walter Mildenhall Park is progressing well, and numerous drop-in sessions and workshops have been held locally; and*
 - (d) *spatial zoning plans for the improvement to Walter Mildenhall Park that will be shared with the community for feedback is attached to the memorandum as Appendix 8. A final decision on the preferred concept will be made prior to submission of resource consent once community feedback has been received and processed.”*

b) **Audit and Risk Subcommittee Forward Programme 2024**

Memorandum dated 3 April 2024 by the Democracy Advisor

RESOLVED: (S Tindal/Cr Briggs)

Minute No. ARSC 24211

“That the Subcommittee receives and notes the Forward Programme for 2024 attached as Appendix 1 to the memorandum.”

14. **QUESTIONS**

There were no questions.

15. **EXCLUSION OF THE PUBLIC**

RESOLVED: (S Tindal/Cr Briggs)

Minute No. ARSC 24212

“That the public be excluded from the following parts of the proceedings of this meeting, namely:

16. *Te Wai Takamori o Te Awa Kairangi (RiverLink) Update*

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:

(A)	(B)	(C)
<i>General subject of the matter to be considered.</i>	<i>Reason for passing this resolution in relation to each matter.</i>	<i>Ground under section 48(1) for the passing of this resolution.</i>
<i>Te Wai Takamori o Te Awa Kairangi (RiverLink) Update.</i>	<i>The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities (s7(2)(h)). The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (s7(2)(i)).</i>	<i>That 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 exist.</i>

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above.”

There being no further business the Chair declared the public part of the meeting closed at 2.42pm. The public excluded part of the meeting was declared closed at 2.56pm.

S Tindal
CHAIR

CONFIRMED as a true and correct record
Dated this 28th day of May 2024