



chatham islands council

Performance Audit & Risk Committee

MEETING PACK

for

PARC Meeting

Monday, 17 March 2025

9:00 am (+1345)

Held at:

Chatham Islands Council

13 Tuku Road, Chatham Islands

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AGENDA

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Monday, 17 March 2025
Time:	9:00 am to 11:00 am (+1345)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Committee Members:	Mr Philip Jones (Committee Chair), Cr Greg Horler, Cr Keri Day, Mayor Monique Croon, Cr Steve Joyce
Attendees:	Ms Colette Peni, Ms Jo Guise, Paul Eagle, Ms Tanya Clifford, Ms Denise Thomas

1. Opening Meeting

1.1 Apologies

N/A

1.2 Interests Register

1.3 Action List

Supporting Documents:

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2. Confirm Minutes

2.1 Minutes 18 November 2024

For Noting

Minutes from the meeting on 18 November 2024 were confirmed at the Council meeting on 19 December 2024.

Supporting Documents:

2.1.a	2.1 Minutes of PARC Meeting .pdf	6
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3. Financial Report

3.1 Financial Report

Ms Tanya Clifford

For Information

For the PARC to receive the financial report for December 2024.

Supporting Documents:

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3.2 Credit Card Summary

Ms Denise Thomas

For Information

Supporting Documents:

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3.3 Riskpool Letter

For Information

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4. Public Excluded

4.1 Move to Public Excluded

Supporting Documents:

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4.2 Public Excluded Minutes 10 February 2025

Supporting Documents:

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4.3 Judicial Review Update

Paul Eagle

For Information

Supporting Documents:

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5. Close Meeting

5.1 Close the meeting

Next meeting: PARC Meeting - 28 Apr 2025, 9:00 am

Action List

Performance Audit & Risk Committee



As of: 13 Mar 2025

Cost reduction programme

In Progress

A draft cost reduction programme would be presented to the Chair by 21 August 2024

Due Date: 21 Aug 2024

Owner: Paul Eagle

Meeting: 29 Jul 2024 PARC Meeting, 3.1 Financial Report

Impact of Shipping Delays

Cancelled

Mayor requested identifying the extra costs and impact from shipping delays.

Due Date: 7 Oct 2024

Owner: Ms Colette Peni

Meeting: 16 Sept 2024 PARC Meeting, 3.1 Financial Report

Forecasting for Expenditure

Not Started

CE to do forecasting for expenditure opex and capex

Due Date: 7 Oct 2024

Owner: Paul Eagle

Meeting: 16 Sept 2024 PARC Meeting, 3.1 Financial Report

LGNZ Meetings Schedule in next Council agenda

Not Started

Include a schedule of LGNZ meetings in the next Council agenda so Councillors were aware of travel details.

Due Date: 17 Mar 2025

Owner: Paul Eagle

Meeting: 10 Feb 2025 PARC Meeting, 3.2 Audit NZ Management Report



Performance, Audit and Risk

2.1 Minutes of Meeting 18 November 2024

Date of meeting	18 November 2024
Agenda item number	2.1
Author/s	Jo Guise, Executive Assistant

Purpose

To present the minutes from the Performance, Audit & Risk meeting held on 18 November 2024.

Recommendations

THAT the minutes of the Performance, Audit & Risk meeting held on 18 November 2024 be received.

Background

The minutes from the PARC meeting held on 18 November 2024 were approved at the Council meeting held on 19 December 2024.

MINUTES (in Review)

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Monday, 10 February 2025
Time:	9:00 am to 10:23 am (+1345)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands
Committee Members:	Mr Philip Jones (Committee Chair), Mayor Monique Croon, Cr Keri Day, Cr Greg Horler, Cr Steve Joyce
Attendees:	Ms Jo Guise, Ms Colette Peni, Paul Eagle, Ms Tanya Clifford

1. Opening Meeting

1.1 Apologies

1.2 Interests Register

1.3 Action List

Due Date	Action Title	Owner(s)
21 Aug 2024	Cost reduction programme Status: In Progress	Paul Eagle
7 Oct 2024	Forecasting for Expenditure Status: Not Started	Paul Eagle



Removal of Impact of Shipping Delays

THAT 'Impact of Shipping Delays' be removed from the Action List.

Decision Date: 10 Feb 2025
Mover: Mayor Monique Croon
Seconders: Cr Greg Horler
Outcome: Approved



Receive the Action List

THAT the Performance, Audit and Risk Committee receive the Action List.

Decision Date: 10 Feb 2025
Mover: Mr Philip Jones
Seconders: Cr Keri Day
Outcome: Approved

2. Confirm Minutes

2.1 Minutes 18 November 2024



Minutes 18 November 2024

THAT the Performance, Audit and Risk Committee receive the Minutes from the meeting on 18 November 2024.

Decision Date: 10 Feb 2025
Mover: Mayor Monique Croon
Seconders: Cr Steve Joyce
Outcome: Approved

3. Financial Report

3.1 Financial Report



Financial Report

THAT the Performance, Audit and Risk Committee receive the Financial Report for December 2024.

Decision Date: 10 Feb 2025
Mover: Cr Keri Day
Seconders: Cr Greg Horler
Outcome: Approved

Tanya Clifford gave an update to the Financial Report.

The Operations Manager advised approximately \$40k had been received from overdue rates accounts.

The Chair clarified that while \$350K had been returned from ECan, it had been absorbed by higher-than-budgeted costs, including insurance, audit fees, consultant expenses, and legal fees. The Chief Executive explained that several ongoing projects, combined with the withdrawal of services from ECan, had led to additional costs for scoping new services or initiatives. He also emphasized that substantial legal expenses were expected due to the ongoing judicial review.

3.2 Audit NZ Management Report



Audit Management Report

THAT the PARC receive the report.

Decision Date: 10 Feb 2025
Mover: Mayor Monique Croon
Seconders: Cr Steve Joyce
Outcome: Approved

The Chief Executive clarified comments and recommendations from Audit NZ in the Audit Management Report.

In reference to a query around travel costs, the Mayor recommended including a schedule of LGNZ meetings in the next Council agenda so Councillors were aware of travel details.

Chair referred to the going concern and the cash deficit this year with no change in funding and recommended the Chief Executive follow up with the Minister noting Council was non-compliant, but were keeping costs to a minimum.



LGNZ Meetings Schedule in next Council agenda

Include a schedule of LGNZ meetings in the next Council agenda so Councillors were aware of travel details.

Due Date: 17 Mar 2025
Owner: Paul Eagle

4. Policies for Review

4.1 Policies for Review 2025



Workplan for Policies

THAT the Performance, Audit & Risk Committee move the set of policies for review.

Decision Date: 10 Feb 2025
Mover: Cr Steve Joyce
Second: Cr Keri Day
Outcome: Approved

Colette Peni provided an update to her report. She advised the Delegations Policy would be updated to coincide with the LG elections. Priority would be given to the Health & Safety Policy.

The Delegations, Sensitive Expenditure, Purchasing and Procurement Policy would be dealt with together.

5. Public Excluded

5.1 Move to Public Excluded



Move to Public Excluded

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	2024-2025 ECan Work Programme	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	
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1.	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. 7(2)(b)(ii) To maintain legal professional privilege. 7(2)(h) To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities. 7(2)(i)
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Decision Date: 10 Feb 2025
Mover: Mayor Monique Croon
Seconder: Cr Keri Day
Outcome: Approved

6. Close Meeting

6.1 Close the meeting

Next meeting: PARC Meeting - 17 Mar 2025, 9:00 am

Signature: _____

Date: _____



Performance, Audit & Risk Committee

3.1 Financial Report

Date of meeting	17 March 2025
Agenda item number	3.1
Author/s	Paul Eagle, Chief Executive / Tanya Clifford (ECan)

Purpose

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

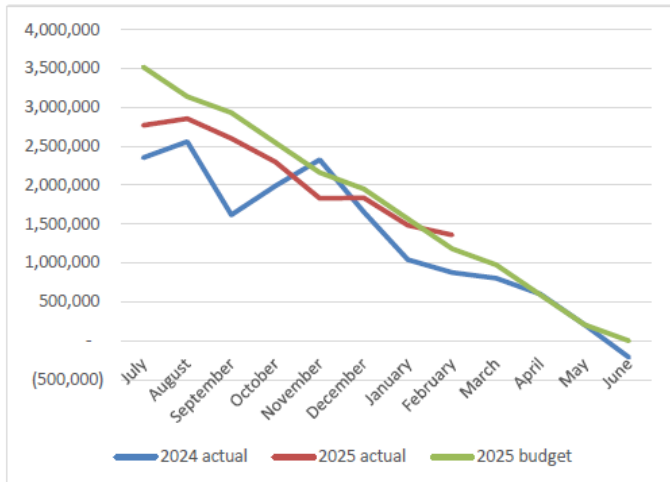
Recommendations

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

Graphical Financial Information

as at 28 February 2025

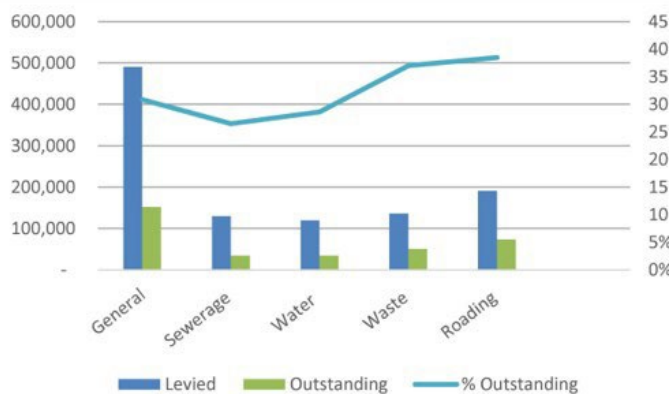
Cash



The 2024 line has several cash spikes, reflective of better-off funding cash receipts. Such trends are not expected in 2025, rather a steady downward trend with the cash balance is more likely, in line with the 2025 budget. The 2025 actual cash balance is currently better than expected due to Ecan invoices for Quarter 1 & 2 awaiting Council minute signoff at the next Council meeting on March 27th 2025. Infrastructure costs are spiking over these summer months but will be reduced to minimum charges in May/June.

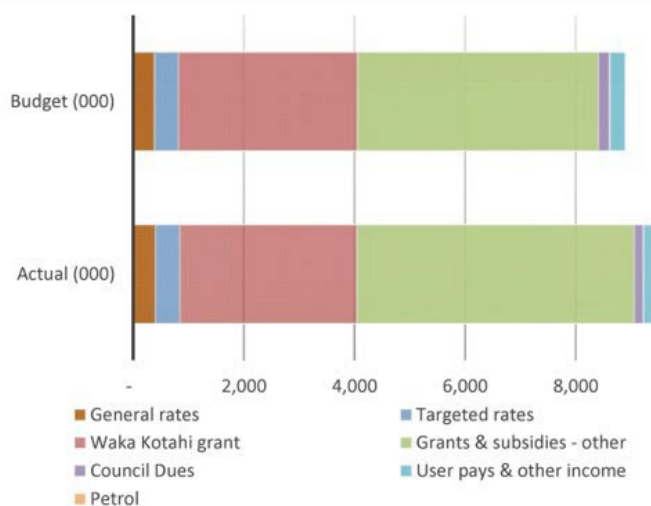
Closing cash balance 28 February was \$1.359m.

Revenue rates collectability



Council has four rate instalment dates for the 2025 financial year; with the fourth instalment due on the 14th May 2025. At present 12% of current rates are still owing (\$41,641.00) compared with 22% at the beginning of November. Overdue rate payers are being contacted personally and suggested to set up direct debit payments. Emailing of all correspondence is being encouraged over NZ post.

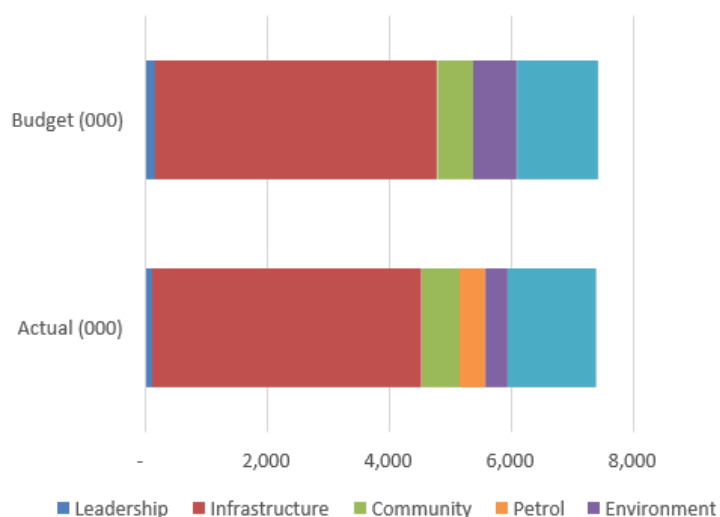
Revenue



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.

Operating & Capital Expenditure



No notable items of variance related to expenditure, with any areas of difference explained in the detailed table analysis. Expenditure graph has been designed to be comparable with the revenue graph (above). As the year progresses, expenditure will increase, aligning with revenue, which is primarily received in July.

Statement of Comprehensive Revenue and Expense

as at 28 February 2025

	Actual (000) \$000	Budget (000) \$000	Variance	Note Reference
Revenue				
General rates	398	381	17	1
Targeted rates	443	436	7	1
Grants & subsidies - Waka Kotahi NZTA	3,202	3,235	(33)	2
Grants & subsidies - other	5,018	4,362	656	2
Council Dues	168	206	(38)	4
<i>Petrol</i>	360	-	360	3
User pays, fees & charges and other income	214	277	(64)	4
Total revenue	9,803	8,897	906	
Expenditure				
Leadership and community partnerships	140	187	(47)	4
Transportation, roading and coastal networks	1,260	1,249	12	5
Three waters - water	148	229	(81)	5
Three waters - wastewater & stormwater	127	131	(5)	5
Waste management and minimisation	500	503	(3)	5
Community development & emergency response	503	580	(77)	4
- petrol	406	-	406	3
Environmental management, protection and monitoring	372	723	(351)	6
Corporate services	1,443	1,327	116	6
Total expenditure by activity	4,901	4,929	(29)	
Total surplus/(loss)	4,902	3,968	934	

Depreciation expenditure of \$2.2 million has been excluded, as the financial report focuses primarily on cash. The 2024/25 budget cash movement for the year estimates a \$33 thousand cash loss for the year.

Variance explanations:

- 1 Rates are invoiced based on the Council approved rates strike. Minor variances are due to recognition of penalty payments and minor changes in the rating database.
- 2 Roothing subsidy based on 88% of actual expenditure (operational and capital). Minor differences between actual and budgeted figures reflective of timing of roading works occurring. The remaining difference in other grants relates to the receipt of better off funding through the three-waters grant support package and the tourism infrastructure fund (TIF), whereby Council has met the required grant conditions, but cash was expected to be received in the prior financial year.
- 3 The Council provides the supply of petrol on the island, which has been separately disclosed (in revenue and expenditure) to show greater transparency. Petrol is an unbudgeted up-front payment item. Overall, a small surplus is recognised.
- 4 No significant variances of note or other comments related to other income or expenditure.
- 5 Infrastructure projects - Works primarily relate to the Stantec/Fulton Hogan roading, water, wastewater and waste management contracts. Roothing works on track. Three waters work has been limited with funding restrictions, impacting

levels of service Council is able to provide; lack of investment in critical asset maintenance increases the risk of asset failure. No other significant areas of variance to note, with contract for services operating within agreed deliverables.

6 Invoicing from ECan is expected to be quarterly based on actual costs incurred.

Capital expenditure summary	Actual \$000	Budget \$000	Variance	Note Reference
Sources of capital funding				
Subsidies and grants for capital expenditure	2,080	2,274	(194)	a
Total sources of capital funding	2,080	2,274	(194)	
Application of capital funding				
Roading works	2,364	2,499	(135)	a
Other - including community works	131	6,423	(6,292)	b
Total application of capital funding	2,495	8,923	(6,428)	
Overall year-to-date cash impact	2,407	1,468	939	

Variance explanations:

- a The grant figure relates to the Waka Kotahi budget, which is reflective of 88% of actual costs incurred. Budgeted expenditure is allocated assuming an equal monthly spread over the year.
- b Other work actual includes: \$106k currently classified as building upgrades from Better off Funding. Budget figures include desired water and wastewater projects paused due to lack of funding.



Performance, Audit & Risk Committee

3.2 Credit Card Summary

Date of meeting	17 March 2025
Agenda item number	3.2
Author/s	Denise Thomas, Finance Technical Lead

Purpose

To present to the Performance, Audit & Risk Committee the Credit Card Expenditure Summary to December 2024.

Recommendations

That the Performance, Audit & Risk Committee receives the Credit Card Expenditure summary to December 2024.

Credit Card Expenditure 2023-24		
Month: May 24		
Total: \$10537.78		
Company		
CE Taxis	\$ 87.10	14.05, 23.05
CE Accommodation	\$ 797.53	Hilton Hotel 15.05-16.05 20.05 -21.05 CE & G Pollock
CE Parking	\$ 420.48	Wgtn Airport 14.05, CHCH 16.05, Wgtn 20.05, CHCH 21.05
CE Food	\$ 979.43	14.05, 16.05, 21.05, 22.05, 23.05
CE Air Chathams	\$ 71.47	Extra Bag P Sommerville
CE CI Management	\$ 150.00	Fuel
CE Bunnings	\$ 126.21	CEO House Filler, Door stops, Cupboard Locks
CE Advance Electrical	\$ 13.31	CEO House - switches
CE W H Harris	\$2,001.69	CEO House - Flue
OM Rental Car	\$ 414.98	22.5 to 24.5
OM NZTA	\$1,125.23	5 x Vehicle Registrations 1 x Trailer
OM Taxis	\$ 95.78	17.05, 22.05, 24.05
OM Food	\$ 256.13	Sudima Qtn 22.05 Cotswold CHCH 24.5
OM Mitre 10	\$ 149.00	Morgue - Batten Screws
OM D4H Dashboard	\$2,916.57	Yearly Subscription
EM Account Fee	\$ 35.00	
Recurring Monthly	Amount	Reason for Expenditure
OM,EM IT Subscriptions	\$ 154.37	Microsoft, Zoom, Adobe
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2023-24		
Month: JUNE 24		
Total: \$2183.74		
Company		
CE CI Management	\$ 186.31	Fuel for PKL112
CE Parking	\$ 3.00	Wtgn 6.6
OM NZTA	\$1,029.42	EM - Road User Charges HYW96
EM CBA*WINZIP	\$ 74.95	Large File Uploader
Recurring Monthly	Amount	Reason for Expenditure
IT Subscriptions OM,EM	\$ 146.56	Microsoft, Zoom, Adobe
Starlink OM,EM	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2023-24		
Month: July 24		
Total: \$2547.93		
Company		
OM Petrol for Pitt Islanders	\$ 865.31	10 Residents
OM Farmlands	\$ 571.16	replacement pipe for water tanks
OM NZTA	\$ 207.77	PKL112 Rego
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 160.19	Microsoft, Zoom, Adobe
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2024-25		
Month: Aug 24		
Total: \$2374.85		
Company		
OM Accommodation & Meals	\$1,257.66	West Plaza 20.08 - 26.08
OM Florist	\$ 214.00	Kirsten Norquay
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 159.69	Microsoft, Zoom, Adobe (US \$ exchange)
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2024-25		
Month: Sept 24		
Total: \$1483.22		
Company		
CE 24ZOOM.NZ	\$ 580.00	
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 159.72	Microsoft, Zoom, Adobe (US \$ exchange)
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2024-25		
Month: Oct 24		
Total: \$2012.49		
Company		
OM Broadpro Sub	\$1,138.50	
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 130.49	Microsoft, Zoom,
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2024-25		
Month: Nov 24		
Total: \$2932.15		
Company		
OM Favona	\$ 351.98	Fun Run
OM Account Fee	\$ 35.00	
EM Taxis	\$ 123.93	Kiwi Cabs 7th, 11th
EM Rental Cars	\$ 498.23	Budget 7 - 11th
EM Florist	\$ 90.00	For CIC to D Goomes
EM Accommodation	\$ 899.64	Quest Thornton 7 - 11th
Recurring Monthly	Amount	Reason for Expenditure
OM,EM IT Subscriptions	\$ 189.87	Microsoft, Zoom, Adobe x 2 (US \$ exchange)
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2024-25		
Month: Dec 25		
Total: \$1236.85		
Company		
CE Account Fee	\$ 35.00	
OM Florist	\$ 67.85	Jo Simkiss
OM Bunnings	\$ 230.38	Morque Bolts etc
Recurring Monthly	Amount	Reason for Expenditure
OM,EM IT Subscriptions	\$ 160.12	Microsoft, Zoom, Adobe (US \$ exchange)
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract



Performance, Audit & Risk Committee

3.3 Riskpool Letter

Date of meeting	17 March 2025
Agenda item number	3.3
Author/s	Paul Eagle, Chief Executive

Purpose

Information for the Performance, Audit & Risk Committee..

Recommendations

That the Performance, Audit & Risk Committee receives the information from Riskpool.



19 December 2024

Paul Eagle
Chief Executive
Chatham Islands Council
PO Box 24
CHATHAM ISLANDS 8942

Email: paul.eagle@cic.govt.nz

Riskpool: Update on run-off

Dear Paul

Thank you to those members who attended our information-sharing webinar in November. We hope you found the webinar useful, and we appreciated the opportunity to answer questions from the membership. It is a busy time of year, so if you would like to watch back the webinar, or forward it to a colleague, please find a link to the recording here [Final Riskpool Webinar Recording.mp4](#)

As we outlined in our last letter, in July, Riskpool is committed to keeping members updated as we look to bring the scheme to a conclusion. Our next correspondence, which will cover a range of issues and updates, will likely be sent in February.

In the meantime, and as promised, we signal that Riskpool intends to make at least one call on members in 2025. Riskpool is engaged in significant domestic litigation (having been sued by several members) and is busy attempting to secure confirmation of reinsurance cover in London, which is consuming considerable resources (both in-house and external).

Riskpool hadn't expected to need litigation lawyers so late in the piece, but it is important that all efforts are made to provide value for members' investment over many years.

More information will be provided in our next update, but it is important that you know now that a call is likely to be made in **March 2025**. This call, which we expect to be in the region of **\$2.5 million** (across the membership, not per individual member), will be to cover ongoing operational expenses. This compares to a total call of \$12.88 million in November 2023. We look forward to providing you more detail on this call early in the new year.

The Riskpool board thanks you all for your patience as we navigate the remaining issues, and we wish you and your families a safe and enjoyable summer break.

Yours sincerely

Charlie Howe
CEO Civic Financial Services Ltd

Marty Grenfell
Chair of LGMFT (Riskpool)



PARC Public Excluded Agenda

3 February 2025

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	2024-2025 ECan Work Programme	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.	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. 7(2)(b)(ii) To maintain legal professional privilege. 7(2)(h) To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities. 7(2)(i)