



chatham islands council

Performance Audit & Risk Committee

MEETING PACK

for

PARC Meeting

Monday, 21 July 2025

9:00 am (+1245)

Held at:

Chatham Islands Council

13 Tuku Road, Chatham Islands

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AGENDA

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Monday, 21 July 2025
Time:	9:00 am to 11:00 am (+1245)
Location:	Chatham Islands Council, 13 Tuku Road, Chatham Islands https://teams.microsoft.com/join/19%3ameeting_MzdiMTY5Y2EtMmQ3Mi00ZWl4LTlhYmMtNGU2MzYxNDhlOTdj%40thread.v2/0?context=%7b%22Tid%22%3a%2297fe9e71-ae23-445e-8c38-f2ad55476cec%22%2c%22Oid%22%3a%2238923941-e481-4887-903d-9c4f924faac0%22%7d
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

1. Opening Meeting

1.1 Apologies

N/A

1.2 Interests Register

1.3 Action List

Supporting Documents:

1.3.a	Action List	6
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2. Confirm Minutes

2.1 Minutes 9 June 2025

9:00 am (2 min)

For Noting

Supporting Documents:

2.1.a	2.1 Minutes of PARC Meeting .pdf	7
2.1.b	Public PARC Minutes 9 Jun 2025.pdf	8

3. Financial Report

3.1 Financial Report

9:02 am (10 min)

Paul Eagle

For Noting

For the PARC to receive the financial report to 30 June 2025.

Supporting Documents:

3.1.a	3.1 Financial Report.pdf	13
3.1.b	PARC_Summary revenue and expense for the month ended 30 June 2025 vCIC.pdf	14

3.2 Fair Value Assessment

9:12 am (15 min)

For Decision

To present to the Performance, Audit & Risk Committee with an initial assessment of the increase in asset values, to provide direction on whether a revaluation should occur to Council's infrastructural assets.

Supporting Documents:

3.2.a	3.2 PARC FV assessment report.pdf	17
3.2.b	FV assessment assets 2025.pdf	21
3.2.c	FV assesement roading 2025.pdf	23

3.3 Credit Card Summary

9:27 am (5 min)

For Noting

To present to the Performance, Audit & Risk Committee the ANZ Credit Card summary from January 2025 to June 2025.

Supporting Documents:

3.3.a	3.3 Credit Card Summary.pdf	25
3.3.b	CC Summary Parc July Meeting.pdf	26

4. Updates

5. Public Excluded

5.1 Move to Public Excluded

Supporting Documents:

5.1.a	PE Cover Page 21 July 2025.pdf	28
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5.2 PARC Public Excluded Minutes 9 June 2025

9:32 am (2 min)

For Noting

Supporting Documents:

5.2.a	PE 2. Px Minutes 9 June 2025pdf.pdf	30
5.2.b	PE PARC Minutes 9 Jun 2025.pdf	31

5.3 Audit Plan 2025/6

9:34 am (10 min)

Paul Eagle

For Decision

To provide an update to PARC of the Office of the Auditor-General's inquiry into sensitive expenditure and procurement at the Council.

Supporting Documents:

5.3.a PX PARC_21Jul25_Audit Plan 2025_26_REPORT.pdf

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6. Close Meeting

6.1 Close the meeting

Next meeting: PARC Meeting - 1 Sept 2025, 9:00 am

Action List

Performance Audit & Risk Committee



As of: 17 Jul 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

Latest Update:

Have implemented a structure of what we need to do to put the cost reductions in place.

Ms Jo Guise | 6 May 2025



Performance, Audit and Risk

2.1 Minutes of Meeting 9 June 2025

Date of meeting	21 July 2025
Agenda item number	2.1
Author/s	Jo Guise, Executive Assistant

Purpose

To present the minutes from the Performance, Audit & Risk meeting held on 21 July 2025.

Recommendations

THAT the minutes of the Performance, Audit & Risk meeting held on 9 June 2025 be received.

MINUTES (in Review)

PARC MEETING



Name:	Performance Audit & Risk Committee
Date:	Monday, 9 June 2025
Time:	9:00 am to 10:16 am (+1245)
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

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
28 Apr 2025	Explore investing DIA funds in short term account Status: In Progress	Paul Eagle



Actions List

THAT the Performance, Audit & Risk Committee receive the Actions List.

Decision Date: 9 Jun 2025
Mover: Cr Steve Joyce
Seconder: Cr Keri Day
Outcome: Approved



Action List

THAT updates to the Action List be received.

Decision Date: 9 Jun 2025
Mover: Cr Steve Joyce
Seconder: Cr Keri Day
Outcome: Approved

2. Confirm Minutes

2.1 Minutes 28 April 2025



Minutes 28 April 2025

THAT the minutes from the PARC meeting held on 28 April 2025 be a true and accurate record.

Decision Date: 9 Jun 2025
Mover: Mayor Monique Croon
Seconders: Cr Steve Joyce
Outcome: Approved

Philip Jones flagged outstanding queries related to the financial report (Item 3.1), to be addressed in the financials section.

3. Financial Report

3.1 Financial Report



Financial Report

THAT the Performance, Audit & Risk Committee receive the Financial Report.

Decision Date: 9 Jun 2025
Mover: Cr Keri Day
Seconders: Mayor Monique Croon
Outcome: Approved

During the financials discussion, Chair Philip Jones questioned discrepancies between forecasted and actual petrol expenditure. Tanya Clifford explained that the forecast was based on actual spend projected over time and did not account for stock on hand. While a higher-than-budgeted grant income was noted, Tanya clarified this was largely due to timing differences from the previous year, including Three Waters grants and the Norman Kirk payment. Some possible remaining grant income from the Tourist Infrastructure Fund was mentioned.

3.2 Annual Plan 2025/26



Annual Plan 2025-26

THAT the Performance, Audit and Risk Committee:

1. **Receives the draft 2025/26 Annual Plan.**
2. **Recommends to council that the final annual plan reflect its best intentions in terms of what it believes is appropriate, for the spend forecast for the financial year and subsequent financial statements.**
3. **Approves the underlying assumptions applied in the 2025/26 Annual Plan**
4. **Approves the proposed capital expenditure detailed in the 2025/26 Annual Plan, while noting that further capital expenditure may occur if grant funding is secured.**
5. **Notes a financial surplus is expected and therefore approves for Council ratification that the balanced budget assumption is met, in accordance with section 100 (2) of the Local Government Act 2002. However, noting that from a cash perspective, further savings are required.**

Decision Date: 9 Jun 2025
Mover: Mr Philip Jones
Seconders: Cr Keri Day
Outcome: Approved

Philip Jones raised a concern regarding the rating revaluation content on page 24 of the Annual Plan (AP). He suggested the communications team review and reword the section for clarity. He

also suggested adding dollar figures on pages 27–28 to provide clearer context and emphasised that the Annual Plan should reflect expenditure reductions, aligning with the cost-cutting measures.

The Annual Plan presented was essentially status quo, carrying over unresolved issues from the previous Long-Term Plan, primarily due to ongoing financial constraints. The budget assumed projected revenues and current contracted expenditure, but forecasted a cash shortfall by June 2026 due to capital spending exceeding income and depreciation.

Two options were discussed, which were to greatly reduce expenditure or proceed with the current plan, noting that savings would need to be found during the year to improve financial sustainability. The plan included standard assumptions, noted uncertainty about opening cash balances, and included capital expenditure approvals to satisfy previous audit concerns.

Philip also proposed an option of deferring adoption of the Annual Plan until cost reduction information was finalised. He highlighted the need to balance timely adoption vs. accuracy, given rates assessments were due in early July. He advised that PARC could only recommend changes to Council, and a decision should be made before the 19 June Council meeting for Council consideration.

4. Updates

4.1 Riskpool



Riskpool

THAT the Performance, Audit and Risk Committee:

1. Note payment of the March 2025 Riskpool Call of \$3,742.00 (excl. GST).
2. Note the likelihood of a second Riskpool Call in August 2025, estimated between \$3.3m to \$3.7m across all members, and prepare for a proportionate contribution of up to \$6,000.00.
3. Recommends to Council to approve a contingency line item as part of amending the Long-term Plan to manage potential future Riskpool costs.

Decision Date:	9 Jun 2025
Mover:	Mayor Monique Croon
Seconder:	Cr Steve Joyce
Outcome:	Approved

Philip Jones discussed the ongoing legal risks related to council liability in building defect cases, highlighting the "last man standing" rule where councils bear the cost even when others are at fault. He noted this issue was contributing to difficulties in obtaining public indemnity insurance.

Mayor Croon referenced an upcoming report from Winder and Wilde exploring the division of responsibilities between central and local government, potentially tied to discussions around shared services and amalgamation.

4.2 NZTA Audit



NZTA Audit

THAT the Performance, Audit and Risk Committee:

1. Receives the Report.
2. Notes the overall "Some Improvement Needed" rating in the 2024 Investment Audit.

3. **Notes the importance of maintaining continuity of roading and infrastructure services through to 30 June 2027, to support implementation of the Water Services Delivery Plan.**
4. **Recommends to Council to seek New Zealand Transport Agency approval for an 18-month extension to existing contracts with Fulton Hogan and Stantec, to align with the Crown appropriation cycle and provide a stable platform for service delivery and reform.**
5. **Recommends to Council to approve exploring a broader Core Infrastructure Services Contract for the Chatham Islands.**

Decision Date: 9 Jun 2025
Mover: Mayor Monique Croon
Seconder: Cr Keri Day
Outcome: Approved

Road conditions were reported as generally stable, supported by recent road roughness surveys. The Chair noted some financial coding discrepancies, which Colette confirmed were being addressed.

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.	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
2.	Minutes PARC meeting 28 April 2025	Good reason to withhold exists under Section 7	Section 48(1)(a)
3.	2025-26 Audit Plan	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 NO.	GENERAL SUBJE	SECTION	SUBCLAUSE AND REASON
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	CT OF EACH MATTER TO BE CONSIDERED		
2.	Minutes 28 April 2025	7(2)(b)(ii) 7(2)(h) 7(2)(i)	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information To maintain legal professional privilege. To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities.
3	2025-26 Audit Plan	7(2)(a) 7(2)(h) 7(2)(i)	Protect the privacy of natural persons, including that of deceased natural persons; To maintain legal professional privilege. To enable the Council holding the information to carry out, without prejudice or disadvantage, commercial activities.

and that appropriate officers remain to provide advice to the Committee.

Decision Date: 9 Jun 2025
Mover: Mr Philip Jones
Seconder: Cr Steve Joyce
Outcome: Approved

6. Close Meeting

6.1 Close the meeting

Next meeting: PARC Meeting - 21 Jul 2025, 9:00 am

Signature: _____

Date: _____



Performance, Audit & Risk Committee

3.1 Financial Report

Date of meeting	21 July 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 to 30 June 2025.

Recommendations

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

Summary revenue and expense for the month ended 30 June 2025

	Budget to June \$000	Actual to June \$000	Forecast \$000	Year end Forecast \$000	Year end Budget \$000
Revenue					
General rates	381	385	<i>All rates</i>	385	381
Targeted rates	436	429	<i>levied</i>	429	436
Rate penalties	-	29	-	29	-
Total rates	817	843	-	843	817
Operating subsidies and grants	5,916	7,070	-	7,070	5,916
Capital subsidies and grants	3,298	2,711	-	2,711	3,298
Total subsidies and grants	9,214	9,781	-	9,781	9,214
Fees and charges	65	124	-	124	65
Council dues	309	281	-	281	309
Petrol income	-	459	-	459	-
Interest on investments	42	7	-	7	42
Other income	309	502	-	502	309
Total revenue	10,756	11,998	-	11,998	10,756
Expenditure					
Employment benefits (including elected members)	1,292	1,258	-	1,258	1,292
Contractors, roading (FH, Stantec)	1,765	1,773	-	1,773	1,765
Contractors, water & wastewater (FH, Stantec)	480	398	-	398	480
Contractors, waste management (FH, Stantec)	660	765	-	765	660
Other key contractor, ECan	1,240	472	-	472	1,240
Other contractors	64	522	-	522	64
Petrol expense	-	531	-	531	-
Audit fees	105	118	-	118	105
Legal fees	15	250	-	250	15
Finance costs	1	3	-	3	1
Depreciation and amortisation	2,210	2,374	-	2,374	2,210
Other expenditure	1,772	1,523	-	1,523	1,772
Total expenditure	9,604	9,986	-	9,986	9,604
Total surplus/deficit	1,152	2,012	-	2,012	1,152
Capital expenditure	3,748	3,217	-	3,217	3,748
Loan repayments	22	22	-	22	22

Please note, not all year end process checks have been completed. Therefore, the reported year-end result may differ from this initial result presented in the PARC report.

Rates revenue: All rates have been levied for the year and instalment dates passed. Rates are invoiced based on the Council approved rates strike. Minor variances are due to small changes in the rating database. Progress is slowly being achieved in relation to collecting rate arrears.

Grants: Roothing subsidy is up to date and based on 88% of actual expenditure. Higher level of grants than budgeted recognised, due to better off funding received in current year, but budgeted in prior year. New grant received in June to assist with Local Water Done Well requirements.

Other revenue: petrol receipts are an unbudgeted item, raising revenue recognised. No other issues.

Infrastructure projects: *Includes:* roading, water, wastewater and waste management contracts. All works on track and in line with contracted deliverables. 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.

Contractor, ECan: Recognised expenditure low, work programme for 2024/25 was \$1m.

Contractor, Others: Includes consultation works for Crown funded projects eg. 30-year plan, City and Regional Deal; and Local Public Service Reform project (CIC contribution totalling \$75k), resource management and minor works related to licencing fees.

Other expenditure: petrol payments are an unbudgeted item, insurance and legal fees are higher than expected; this has impacted on the level of expenditure recognised.

Council has received two grants in advance, previously reported to PARC, where funding has not yet been fully allocated (NKMR and water tank installation). NKMR funds not allocated and therefore money remain held in 'trust'. All water tanks (except six) have been delivered and installed.

Overall comment: The overall result appears better than anticipated due to up-front grant payments received in June. (e.g. three water grants).

See below for historic 1st July opening Bank Funds

Summary statement of cash flows for the month ended 30 June 2025

	Budget to June \$000	Actual to June \$000	Forecast \$000	Year end Forecast \$000	Year end Budget \$000
Cash inflow from operating activities					
Receipts from rates revenue	816	826	-	826	816
Receipts from grants and subsidies	9,204	10,281	-	10,281	9,204
Receipts from fees & charges	65	78	-	78	65
Receipts from Council Dues	309	279	-	279	309
Interest received	42	7	-	7	42
Receipts from other revenue	306	1,642	-	1,642	306
Cash inflow from operating activities	10,742	13,113	-	13,113	10,742
Cash outflow from operating activities					
Payments made to employees (including elected members)	(1,292)	(1,342)	-	(1,342)	(1,292)
Payments made to key contractors, FH & Stantec	(3,804)	(4,199)	-	(4,199)	(3,804)
Payments made to key contractors, ECan	(1,240)	(612)	-	(612)	(1,240)
Interest paid	(1)	(3)	-	(3)	(1)
Other payments made to suppliers	(668)	(2,645)	-	(2,645)	(668)
Cash outflow from operating activities	(7,005)	(8,800)	-	(8,800)	(7,005)
Net cash flow from operating activities	3,737	4,313	-	4,313	3,737
Cash flow from investing activities					
Purchase of fixed assets	(3,748)	(3,681)	-	(3,681)	(3,748)
Sale/(purchase) of other assets	-	106	-	106	-
Net cash flow from investing activities	(3,748)	(3,575)	-	(3,575)	(3,748)
Cash flow from financial activities					
Loans raised	-	-	-	-	-
Repayment of loans	(22)	(22)	-	(22)	(22)
Net cash flow from financial activities	(22)	(22)	-	(22)	(22)
Increase/(decrease) in cash held	(33)	716	-	716	(33)
Opening cash balance	31	(111)	605	(111)	31
Closing cash balance	(2)	605	605	605	(2)

0

Rates receipts: No issues to highlight.

Grant receipts: additional \$170k received related to Local Water Done Well for the development of a Water Service Delivery plan by September 2025.

Other receipts: high balance reflective of high (\$1m) debtor closing balance in 2024, from expenditure exceeding income. Petrol is also an unbudgeted item. Debtor balance around \$414K

Contractor expenditure: No issues to highlight.

Other expenditure: excludes a provision for \$300k payment to NKMR. All Creditor invoices settled for YE 2025 except for \$15K to CIET as awaiting their contractor cost sharing contribution.

Cashflow reconciliation to net surplus/deficit for the month ended 30 June 2025

	Budget to June \$000	Actual to June \$000	Forecast \$000	Year end Forecast \$000	Year end Budget \$000
Total surplus/deficit	1,152	2,012	-	2,012	1,152
<i>Adjust for:</i>					
remove depreciation	2,210	2,374	-	2,374	2,210
capital expenditure adjustments	(3,748)	(3,575)	-	(3,575)	(3,748)
financial expenditure adjustments	(22)	(22)	-	(22)	(22)
timing adjustments (debtors and creditors)	344	(73)	-	(73)	375
Calculated total	(64)	716	-	716	(33)
Cash increase/(decrease) for the period	(33)	716	-	716	(33)
	-	(0)	-	(0)	-

Grants summary for the month ended 30 June 2025

	Budget to June \$000	Actual to June \$000	Forecast \$000	Year end Forecast \$000	Year end Budget \$000
Grants received					
Department of internal affairs (annual appropriation)	4,203	4,203	-	4,203	4,203
NZ Transport Agency Waka Kotahi	4,852	4,419	-	4,419	4,852
Better off funding	-	655	-	655	-
Other	159	504	-	504	159
Total grants	9,214	9,781	-	9,781	9,214
	-	0	-	0	-

ANZ Bank Funds on 1st July:

(not including NKMR \$300,000)

2025 - \$292,335 owing \$15K to CIET;

2024 - \$152,988OD owing creditors \$2,132,682 (including April & May FH);

2023 - \$95,638OD owing \$1,298,843 (including May FH);

2022 - \$12,354;

2021 - \$281,800OD;

2020 - \$436,486OD;

2019 - \$203,417OD;

2018 - \$352,534OD;

2017 - \$357,379OD.



Performance, Audit & Risk Committee

Finance

3.2 Annual Report – Fair Value Assessment of Property, Plant and Equipment

Date of meeting	21 July 2025
Agenda item number	2.0.
Author/s	Paul Eagle – Chief Executive Tanya Clifford, ECan accountant

Purpose

To present to the Performance, Audit & Risk Committee with an initial assessment of the increase in asset values, to provide direction on whether a revaluation should occur to Council's infrastructural assets.

Recommendations

That the Performance, Audit & Risk Committee

- a. **Receives the initial fair value assessments for Council's infrastructural assets;**
- b. **Notes that the assessed increase in the value of Council's roading assets, based on NZTA indexes, is approximately 6.37% or \$6.26 million;**
- c. **Notes that the assessed increase in Council's other infrastructural assets, based on generic Producer Price Indexes, is approximately 19.68% (or \$0.7 million) for three waters assets and 12.90% (or \$0.3 million) for waste management assets;**
- d. **Assesses, based on the estimated fair value dollar movements, that the overall increase in the value of Council's infrastructural assets is not significant;**
- e. **Confirms that, based on this assessment, a revaluation of Council's infrastructural assets is not required for the 2024/25 financial year;**
- f. **Notes that Audit New Zealand may take a different view regarding the approach to not revalue Council's infrastructure assets, which could result in commentary in the audit opinion or management letter.**

Background

Audit New Zealand has identified the Council's fair value assessment of property, plant and equipment as a key area of audit focus in its Audit Plan.

As noted in the Audit Plan:

The Council periodically revalue its property, plant and equipment on a five-year basis. PBE IPSAS 17: Property, Plant and Equipment requires that valuations be performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.

The Council last completed a formal revaluation of its infrastructure assets as at 30 June 2022.

For asset classes not scheduled for revaluation, Council is required to perform a fair value movement assessment to determine whether a material difference exists between fair value and carrying value. Where a significant variance is identified, a revaluation may be necessary.

In preparing this assessment, Council should:

- *Incorporate local cost data;*
- *Apply relevant and reliable price movement indicators;*
and
- *Engage with valuers where appropriate.*

As part of the Annual Report process, a standard fair value assessment has been completed (attached). Historically, this has involved index-based analysis, whereby if the total movement is less than 10%, a revaluation was not considered necessary. Audit New Zealand has advised that their 2025 audit will focus more on the dollar value of movements rather than percentage thresholds. Accordingly, the supporting workpapers will be updated to reflect this shift in emphasis, including consideration of using unit-based rather than generic index adjustments where appropriate.

The purpose of this paper is to seek direction from PARC on whether a formal revaluation should be commissioned, should the updated assessment indicate a material change in asset values. It is noted that, should a revaluation be required, lead-in time will be necessary to engage a valuer and complete the process.

Recommendation

Any revaluation of property, plant and equipment would incur a notable cost to Council, with the last revaluation in 2022 costing approximately \$35,000.

As any revaluation would primarily only impact on the balance sheet (changing the value of the assets and the equity balance, and a minor impact on depreciation), the benefits from obtaining more accurate valuation information is considered limited.

Committing to a revaluation in 2025, could require subsequent revaluations in future years, due to the current uncertain economic environment. Council's existing policy is to undertake revaluations on a five-year cycle.

Historically, the Council has used Producer Price Indexes to estimate movements between the value of the Council's infrastructure assets recognised in the financial statements (book value) and the value of the infrastructural assets if they were valued 'today' (fair value). If the movement is less than 10%, no revaluation was deemed necessary. However, post-COVID-19 volatility has significantly impacted construction-related indexes, particularly those affecting water infrastructure.

An assessment based on this historic methodology was completed across all revalued asset classes. All exceeded the 10% threshold. However, for three waters and waste management infrastructure, as relatively small asset classes - the total movement in dollar terms was under \$700,000. For context, Audit New Zealand's materiality threshold for property, plant, and equipment is \$8.6 million (based on the prior year's balance), subject to final year-end figures.

In the 2024 financial year, due to the value of roading assets and index volatility, the generic approach was replaced with a detailed analysis using NZTA indexes - the same indexes applied by valuers in formal revaluations. Adjustments were made for annual additions since the last revaluation in 2022. This resulted in an estimated fair value increase of 6.4% (approximately \$6.3 million). The modest increase is attributable to substantial index movements occurring prior to the June 2022 revaluation, with average increases in the indexes of 4.62%.

Based on this analysis, the fair value movement across all infrastructure assets remains below Audit New Zealand's materiality threshold and is therefore is not considered significant.

This assessment was based on index data available as at 31 March 2025. A final assessment will be completed closer to year-end, and any material changes will be presented to PARC for further consideration.

Accordingly, it is recommended that no formal revaluation be undertaken for the 2025 financial year. Should year-end indexes indicate a material shift, this recommendation may be re-evaluated.

Audit New Zealand will review this assessment as part of their audit procedures. Differences in their conclusions may result in an audit management report point or, if considered material, an emphasis of matter in the audit opinion.

Assessment of the Movement in the Fair Value of Infrastructural Assets:**Extraction of recommendation to the Performance, Audit & Risk Committee :**

- a Receives the initial fair value assessments for Council's infrastructural assets (for the general and roading asset movements);
- b Notes that the assessed increase in the value of Council's roading assets, based on NZTA indexes, is approximately 2.27% or \$2.1 million;
Notes that the assessed increase in Council's other infrastructural assets, based on generic Producer Price Indexes, is approximately 19.68% (or \$0.7 million) for three waters assets and 12.90% (or \$0.3 million) for waste management assets;
- c Assesses, based on the estimated fair value dollar movements, that the overall increase in the value of Council's infrastructural assets is not significant;
- d Confirms that, based on this assessment, a revaluation of Council's infrastructural assets is not required for the 2024/25 financial year;
Notes that Audit New Zealand may take a different view regarding the approach to not revalue Council's infrastructure assets, which could result in commentary in the audit opinion or management letter.

The following infrastructural assets are subject to periodic valuations:

	Classification	Value 30/06/2024 \$000	Last revalued	Next due for revaluation	Entity completing last valuation
1	Transportation assets (roading & harbour)	91,188	30-Jun-22	30-Jun-27	Stantec
2	Potable water assets	2,077	30-Jun-22	30-Jun-27	Stantec
2	Waste water assets	1,259	30-Jun-22	30-Jun-27	Stantec
3	Waste management assets	2,393	30-Jun-22	30-Jun-27	Stantec

A revaluation will be considered to be necessary if the carrying amount differs materially from that determined using fair value.

A movement is initially evaluated based on the indexed movement from the date of the last valuation to balance date (30 June 2022). This indexed movement percentage is assessed against the value of the asset class to assess the dollar value movement. A movement is considered material, if the dollar value increase for the asset class exceeds \$8 million.

1 Transportation assets (roading & harbour)

Historic calculations included for reference, superseded by class based approach using NZTA indexes, information included for reference.

Links to in	Index	Weighting	Index 1/07/22	Index 31/03/25	Movement	Percentage Change	Weighted Movement
Labour costs	Labour Cost Index – Salary and Wage Rates	0.4	1,328	1,450	122	9.19%	3.67%
Business prices	Non-metallic Mineral Product – PPI	0.2	1,268	1,453	185	14.59%	2.92%
	Heavy and civil engineering construction – PPI	0.3	1,458	1,589	131	8.98%	2.70%
	Transport and Storage – PPI	0.1	1,284	1,389	105	8.18%	0.82%
	Total weighted movement						10.11%

\$ 9.22 Million

Accounting assessment:

The calculated movement of the various indexes impacting on roading work, based on data available as at March 2025, does exceed 10%. Consequently, a separate FV calculation using NZTA indexes has been performed – reflective of actual rates used as part of the 2022 revaluation model. It is observed within roading index movements, there is a general economic trend, which indicates a decline in inflationary movements driven by global trends, slow growth and monetary policy all having a dampening effect on aggregate demand, explaining an expected lower inflation rate for roading, when compared with general indexed movements.

Based on a detailed assessment, using the NZTA roading indexes, Council considers the current value of CIC's transportation assets to be materially correct and reflective of their fair value and therefore does not consider a revaluation to be necessary for the 2025 financial year.

Based on this assessed calculation, no revaluation is considered necessary. Roading and harbour assets are considered to appropriately represent their fair value.

Engineers assessment (reliance on Stantec as experts):

There have been no significant changes made to the RAMM database since the 2022/23 financial year, with the exception of changes/updates to reflect maintenance activities and replacements that have occurred.

There have been no significant engineering design changes, to applied works methodologies, that would change the asset valuation calculation from the date of the last valuation.

There have been no significant changes to the assessed value of materials or other input costs that would significantly impact on the asset valuation from the date of the last valuation.

Nigel Lister, Stantec roading engineer

2 Potable water & waste water assets

Methodology similar to that detailed previously.

Index	Weighting	Index 1/07/22	Index 31/03/25	Movement	Percentage Change	Weighted Movement
Water, sewer, drainage, and waste services - PPI	0.8	1,547	1,896	349	22.56%	18.05%
Transport and Storage - PPI	0.2	1,284	1,389	105	8.18%	1.64%
Total Movement						19.68%

\$ 0.66 Million

Accounting assessment:

The calculated total movement of the various indexes impacting on water and waste water assets, does exceed 10%. However, given the value of these assets is not considered significant and the Council's approach of deferring maintenance, it is assessed the inflationary movement is not reflected in the value of the existing assets and therefore no revaluation is considered necessary. The value of water, wastewater and stormwater assets are a reasonable estimate of their fair value.

Based on the value and condition of the water and wastewater assets, no revaluation is considered necessary. Potable water and waste water assets are considered to appropriately represent their fair value.

The 2024 Long-Term Plan identified several 'critical' repairs required to CIC's water and waste water assets. Most of these repairs have not occurred, with further capital investment required to comply with revised drinking water guidelines. The 2022 valuation considered both current condition and future requirements of the assets and therefore any 'impairment' adjustment in the annual report reflecting reduced service capability is considered unnecessary.

Engineers assessment (reliance on Stantec as experts), information provided from previous year:

Urgent upgrades are required on both the water and wastewater schemes. This is partly due to typical asset life for key components and critical repairs/renewals that have not occurred due to funding constraints. However, is also due to climatic and legislative changes over the past few years which will necessitate additional expenditure to ensure compliance. Costs for these upgrades have not been allowed for in the Council's LTP as potential funding mechanisms are uncertain. The upgrade costs are primarily associated with the water and wastewater treatment plant assets that are almost at the end of their asset life used (short life expectancy was included in the 2022 valuation estimates) rather than the reticulation network assets, which have a longer asset life and are in fair condition. Until funding is secured for asset upgrades, the Council continues to incur higher maintenance costs to ensure the water and wastewater treatment plant assets continue to operate as well as possible.

Aside from the (unbudgeted) upgrades identified in the Council's LTP, I am unaware of any foreseeable events or changes on the horizon that would change the asset valuation. The engineers were aware key assets were almost at the end of their asset life when the valuation was completed and the condition of the water and wastewater assets, with these factors considered/included within the 2022 valuation (including the estimated cost and the estimated depreciation amount). There have been no significant changes to estimated material or other input costs or notable changes in valuation methodology since the last valuation. Overall, the current valuation reflects their fair value and therefore no impairment is considered necessary [and the valuation remains valid].

Kirsten Norquay, Stantec roading engineer

3 Waste management assets:

Methodology similar to that detailed previously.

Index	Weighting	Index 1/07/22	Index 31/03/25	Movement	Percentage Change	Weighted Movement
Heavy and civil engineering construction - PPI	0.5	1,458	1,589	131	8.98%	4.49%
Water, sewer, drainage, and waste services - PPI	0.3	1,547	1,896	349	22.56%	6.77%
Transport and Storage - PPI	0.2	1,284	1,389	105	8.18%	1.64%
Total Movement						12.90%

\$ 0.31 Million

Accounting assessment:

The calculated movement of the various indexes impacting on waste management assets, does exceed 10%. However, given the total value of the waste management assets is not significant and the relatively recent construction, it is considered the inflationary movements does not have a significant impact on the overall value of the assets.

Council therefore considers the current value of CIC's waste management assets to be materially correct and reflective of their fair value and therefore does not consider a revaluation to be necessary for the 2025 financial year.

Based on this assessed calculation, no revaluation is considered necessary. Waste management assets are considered to appropriately represent their fair value.

Engineers assessment (reliance on Stantec as experts), information provided from previous year:

Waste management assets are relatively new and not considered subject to significant deterioration impacts warranting further impairment or comments from engineers.

Revised assessment of the movement in the fair value of roading assets:

We have been requested by Audit to perform a fair value assessment up to 30 June 2025. This has previously been provided, with the roading asset inflation movement assessment considered close to assessed levels of materiality.

Consequently, a revised assessment has been completed considering a financial valuation movement (in terms of dollars) as opposed to an index movement for roading assets only.

Water, wastewater and waste management asset index movements are high. However, the financial dollar value impact is not considered to be material, and therefore no further assessment has been made on these classes of assets.

The assessment has been reviewed by Stantec roading engineers, and they have confirmed the indexes used are correct and consistent with the methodology used in the 2022 roading valuation.

Below is a summary of the revised roading assessment, considering:

factor in local cost information;

utilise relevant and reliable price movement indicators; and

involve consulting with valuers/engineers, if necessary.

Summary of roading asset valuation as at 30 June 2022:

Asset class	Replacement Cost	Depreciated RC	Annual depreciation	Annual depreciation %	Bridge	Construction	Bridge	Construction	Bridge	Construction
					-4.2%	-0.6%	5.8%	4.9%	0.4%	0.38%
					DRC 2023	Index adj DRC 2023	DRC 2024	Index adj DRC 2024	DRC 2025	Index adj DRC 2025
Road formation	40,617,796	40,617,796	0	0%	40,617,796	40,372,000	40,372,000	42,338,368	40,372,000	42,497,177
Road sealed pavement surface	1,548,064	1,017,889	113,122	11%	904,767	899,292	799,350	838,283	710,515	841,428
Road sealed pavement layers: first coat seals	2,239,178	1,801,835	37,320	2%	1,764,515	1,753,837	1,717,511	1,801,165	1,681,938	1,807,921
Road sealed pavement layers: basecourse	3,770,890	3,027,915	62,848	2%	2,965,067	2,947,124	2,885,953	3,026,517	2,826,052	3,037,869
Road sealed pavement layers: subbase	4,170,496	4,170,496	0	0%	4,170,496	4,145,259	4,145,259	4,347,158	4,145,259	4,363,464
Road unsealed pavement layers: wearing course	8,913,091	4,456,546	1,114,136	25%	3,342,410	3,322,184	2,491,638	2,612,996	1,868,729	2,622,798
Road unsealed pavement layers: subbase	14,641,696	14,641,696	0	0%	14,641,696	14,553,093	14,553,093	15,261,919	14,553,093	15,319,166
Road drainage	14,703,301	10,053,133	199,104	2%	9,854,029	9,794,398	9,600,418	10,068,019	9,410,280	10,105,783
Road footpaths	1,405,471	986,679	45,886	5%	940,793	935,100	891,613	935,040	850,148	938,547
Road signs	450,832	208,012	56,081	27%	151,931	151,012	110,298	115,670	80,561	116,104
Road traffic facilities	161,989	332,589	23,411	7%	309,178	307,307	285,676	299,590	265,567	300,714
Road minor structure	391,253	271,084	8,139	3%	262,945	261,354	253,507	265,854	245,896	266,852
Road retaining walls and protection structures	1,550,942	578,238	21,907	4%	556,331	552,964	532,015	557,927	511,859	560,020
Road bridges, bridge culverts and wharf	15,469,790	7,902,068	255,064	3%	7,647,004	7,323,663	7,087,269	7,499,259	6,858,505	7,527,516
	110,034,789	90,065,976	1,937,018		88,128,958	87,318,586	85,725,599	89,967,767	84,380,401	90,305,357

Summary of roading additions as at 30 June 2023:

				DRC 2023	Index adj DRC 2023	DRC 2024	Index adj DRC 2024	DRC 2025	Index adj DRC 2025
Road sealed pavement surface		244,721	11.11%	231,123	231,123	205,437	242,380	182,606	243,289
Road sealed pavement layers: first coat seals		1,140,283	2.07%	1,128,474	1,128,474	1,105,101	1,183,438	1,082,212	1,187,877
Road unsealed pavement layers: subbase		682,410	0.00%	682,410	682,410	682,410	715,648	682,410	718,332
Road drainage		197,944	1.98%	195,983	195,983	192,102	205,529	188,297	206,300
Road signs		76,739	26.96%	66,394	66,394	48,494	69,628	35,420	69,889
Road traffic facilities		26,946	7.04%	25,997	25,997	24,167	27,263	22,466	27,366
Road minor structure		286,868	3.00%	282,562	282,562	274,078	296,324	265,849	297,436
		2,655,910		2,612,943	2,612,943	2,531,789	2,740,210	2,459,260	2,750,488

Summary of roading additions as at 30 June 2024:			DRC 2024	Index adj DRC 2024	DRC 2025	Index adj DRC 2025
Road sealing pavement surface	8,284	11.11%	7,824	7,824	6,954	7,853
Road sealing pavement layers: first coat seals	19,955	2.07%	19,748	19,748	19,339	19,822
Road sealing pavement layers: subbase	1,759,933	0.00%	1,759,933	1,759,933	1,759,933	1,766,534
Road drainage	156,676	1.98%	155,124	155,124	152,052	155,706
Road signs	72,314	26.96%	62,566	62,566	45,698	62,800
Road traffic facilities	65,735	7.04%	63,421	63,421	58,957	63,659
Road minor structure	136,255	3.00%	134,210	134,210	130,180	134,713
Road bridges, bridge culverts and wharf	94,250	3.23%	92,729	92,729	89,736	93,078
	2,313,401		2,295,555	2,295,555	2,262,849	2,304,167

Summary of roading additions as at 30 April 2025:					DRC 2025	Index adj DRC 2025
Road sealing pavement surface	6,529	11.11%			6,166	6,166
Road sealing pavement layers: first coat seals	20,252	2.07%			20,043	20,043
Road sealing pavement layers: subbase	1,486,925	0.00%			1,486,925	1,486,925
Road drainage	229,727	1.98%			227,452	227,452
Road signs	-	26.96%			-	-
Road traffic facilities	57,285	7.04%			55,269	55,269
Road minor structure	955,920	3.00%			941,569	941,569
Road bridges, bridge culverts and wharf	108,559	3.23%			106,807	106,807
	2,865,198				2,844,232	2,844,232

Conclusion

Estimated total fair value movement in roading assets	98,204,244		
Estimated net book value of roading assets 30 June 2025	91,946,742		
<i>Difference</i>	<i>6,257,502</i>	<i>6.37%</i>	<i>% impact to roading assets</i>
<i>Estimated net book value of all assets 30 June 2025</i>	<i>102,152,383.77</i>	<i>6.1%</i>	<i>% impact to total assets</i>

The calculated dollar value movement based on the NZTA indexes, including estimated depreciation movements is less than \$6.5 million. The percentage impact is assessed as 6.3%, which is less than the 10% materiality assessment factor.

Council therefore considers the current value of CIC's transportation assets to be materially correct and reflective of their fair value (based on both dollar and percentage assessment) and therefore does not consider a revaluation to be necessary for the 2025 financial year.



Performance, Audit & Risk Committee

3.3 ANZ Credit Card Summary

Date of meeting	21 July 2025
Agenda item number	3.3
Author/s	Denise Thomas, Financial Lead

Purpose

To present to the Performance, Audit & Risk Committee the ANZ Credit Card summary from January 2025 to June 2025.

Recommendations

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

Credit Card Expenditure 2024-25		
Month: January 25		
Total: \$1029.58		
EM Air NZ	\$ 126.00	Domestic Flight
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 160.08	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: February		
Total: \$1669.23		
OM Montarga Stamps	\$ 73.70	Inv 1163 Stamps for Accounts
EM Quest Thornton	\$ 618.12	Accommodation - 10 to 13.02
EM Kiwi Cabs	\$ 73.75	Accommodation -10.02
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 160.16	Microsoft, Zoom, Adobe
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2024-25		
Month: March		
Total: \$3628.44		
OM Spotlight	\$1,775.98	BOF Curtains, Blinds & Rails for Jay's House
OM Briscoes	\$ 324.97	BOF Curtains, Blinds & Rails for Jay's House
OM Spotlight	\$ 216.00	BOF Curtains, Blinds & Rails for Jay's House
OM Able Access	\$ 408.25	BOF Rubber Door Ramps for Jays House
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 159.74	Microsoft, Zoom, Adobe
OM,EM Starlink	\$ 743.50	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2024-25		
Month: April		
Total: \$ 3885.80		
CE Novotel	\$ 349.53	M Croon - Zone 5 Conference 8 April Dinner for all
CE Novotel	\$ 864.08	Keri D-J -Zone 5 Conference 8 - 11 April Accommodation
CE Novotel	\$ 784.13	M Croon - Zone 5 Conference 8- 11 April Accommodation
OM Woolworths Online	\$ 591.28	Anzac Groceries
OM NZTA Registration	\$ 387.37	WM Hino Registration
OM Briscoes	\$ 42.98	Cleaning tools Brooms etc
EM Nil		
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 3.43	Microsoft, Zoom, Got Microsoft credit of \$26.06
OM,EM Starlink	\$ 863.00	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2024-25		
Month: May 2025		
Total: \$ 6670.33		
OM NZTA	\$ 236.52	EM Vehicle Registration HYW96
OM CQ Hotels	\$1,220.00	HARB Wellington Accommodation
OM NZTA	\$ 544.44	OM RUC PKL 112
OM NZTA	\$ 52.94	WM Kea Trailer Registration
OM Local Government Conference	\$ 308.06	PO 5259 Mayor / CE
EM D4H Technologies	\$3,129.11	PO 5269 Annual Fee 2025-2026
EM Account Fee	\$ 35.00	Credit Card Fee
EM Uber Wellington	\$ 29.94	PO 5311 14/05/2025
EM Uber Wellington	\$ 63.10	PO 5311 14/05/2025
EM Uber Wellington	\$ 31.04	PO 5311 14/05/2025
EM Capital Taxis	\$ 69.87	PO 5311 12/05/2025
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 87.31	Microsoft, Zoom, Adobe x 2
OM,EM Starlink	\$ 863.00	For CIC, EM, EM Home connection as per contract

Credit Card Expenditure 2024-25		
Month: June 25		
Total: \$ 1580.37		
OM NZTA	\$ 236.52	Heartlands Reg PZL
OM The Warehouse	\$ 96.99	2 x Electric Jugs - Staff Room
OM Sudima Kaikoura	\$ 193.72	Accom LG Conference
OM Sudima Kaikoura	\$ 193.72	Accom LG Conference
OM The Warehouse	\$ 96.99	2 x Electric Jugs - Council Chambers
<u>Recurring Monthly</u>	<u>Amount</u>	<u>Reason for Expenditure</u>
OM,EM IT Subscriptions	\$ 58.43	Microsoft, Zoom, Adobe
OM,EM Starlink	\$ 863.00	For CIC, EM, EM Home connection as per contract



PARC Public Excluded Agenda

21 July 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
5.2	Chief Executive Officer	PX PARC Minutes 9 June 2025	Good reason to withhold exists under Section 7	Section 48(1)(a)
5.3	Chief Executive Officer	Audit Plan 2025/26	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 NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON	PLAIN ENGLISH REASON	WHEN CAN REPORTS BE RELEASED
PX 5.2	PX PARC Minutes 9 June 2025	7(2)(b)(ii) 7(2)(h) 7(2)(i)	Would be likely to prejudice the commercial position of the person or persons who are the subject of the information. To maintain legal professional privilege. To enable the Council holding the information to carry out, without prejudice or disadvantage,		



			commercial activities.		
PX 5.3	Audit Plan 2025/26	7(2)(c); and 7(2)(g)	Protect information which is subject to an obligation of confidence; and Maintain legal professional privilege.	To protect information that is required to be kept confidential; and To protect all communications between a legal advisor and clients from being disclosed without the permission of the client.	This report will not be released due to the confidential nature of the report. This report will not be released due to the permanent nature of the legal privilege.