

Audit and Risk Committee

OPEN MINUTES

Meeting Date: **Thursday 15 June 2017**
Time: **1pm – 1.55pm**
Venue: **Main Committee Room
3rd floor Civic Building
231 Hastings Street
Napier**

Present: John Palairt (In the Chair), Mayor Bill Dalton, Geoff Foster, Councillor Kirsten Wise, Councillor Claire Hague [from 1.19pm]

In Attendance: Director Corporate Services, Director City Infrastructure (Acting Chief Executive), Chief Financial Officer, Manager Asset Strategy

Mr Stephen Lucy – Audit New Zealand

Mr Phil Fisher and colleague – PriceWaterhouseCooper

Administration: Governance Team

APOLOGIES

Apologies were accepted from:
Mayor Bill Dalton
Chief Executive Wayne Jack
Councillor Claire Hague for lateness

CONFLICTS OF INTEREST

Nil

PUBLIC FORUM

Nil

ANNOUNCEMENTS BY THE MAYOR

Nil

ANNOUNCEMENTS BY THE CHAIRPERSON

Nil

ANNOUNCEMENTS BY THE MANAGEMENT

Nil

CONFIRMATION OF MINUTES

Councillor Wise / Mr Foster

That the Minutes of the meeting held on 16 March 2017 were taken as a true and accurate record of the meeting.

CARRIED

NOTIFICATION AND JUSTIFICATION OF MATTERS OF EXTRAORDINARY BUSINESS

(Strictly for information and/or referral purposes only).

AGENDA ITEMS

1. TAX UPDATE

<i>Type of Report:</i>	<i>Legal and Operational</i>
<i>Legal Reference:</i>	<i>N/A</i>
<i>Document ID:</i>	<i>359225</i>
<i>Reporting Officer/s & Unit:</i>	<i>Caroline Thomson, Chief Financial Officer</i>

1.1 Purpose of Report

To provide the Committee with an update on tax matters relating to Council.

At the Meeting

Mr Phil Fisher, PriceWaterhouseCooper (PwC), presented to the Committee on current tax issues. The following points were touched on during the report:

- PwC have been working with Council to develop a tax risk framework including identified mitigations and controls for any identified areas of risk.
- Particular tax areas of interest for Councils are PAYE, FBT, GST and non-resident payments.
- It is important that the Human Resources division of a Council are conversant with tax requirements as much of the implications for tax are personnel related.
- All areas of the business should communicate early with the Finance team so that tax matters are addressed early; the team are there to facilitate business in ways that ensure Council meets its requirements.
- IRD is working through a staged tax transformation:
 - Stage 1 – GST transformation. Effected February 2017 with the implementation of MyIR.
 - Stage 2 – Streamlining business income taxes
 - Stage 3 – Social policy improvements
 - Stage 4 – Tax administration, including actions to meet the legislated changes to payroll due for enactment in April 2019.
- Currently Council's tax requirements are reviewed 3 yearly; a report will be brought to the Audit and Risk Committee from the next review due in 2018.
- It was agreed that an annual report from PWC would be brought to the Audit and Risk Committee on advice given relating to tax over the year as well as any tax-related matters expected to arise over the coming year and national/ international context that may impact on this.
- It was noted that despite encouragement from departments such as the State Services Sector and the Ministry of Business, Innovation and Employment to take a collaborative approach to projects and works, tax implications including GST payments may actually form a barrier to this. It is unclear whether the Inland Revenue Department will look at ways that tax structures could better facilitate collaboration.

Councillor Hague joined the meeting during this item at 1.19pm.

COMMITTEE'S RECOMMENDATION

Councillor Wise / Mr Foster

That the Committee

- a. Receive the presentation by Phil Fisher on tax matters.

CARRIED

2. UPDATE ON WATER RISK

Type of Report:	<i>Information</i>
Legal Reference:	<i>N/A</i>
Document ID:	<i>359224</i>
Reporting Officer/s & Unit:	<i>Caroline Thomson, Chief Financial Officer</i>

2.1 Purpose of Report

To provide the Committee with an update on Council’s water risk.

COMMITTEE'S RECOMMENDATION

Mr Palairt / Mr Foster

That the Item “Update on Water Risk” be moved into the Public Excluded section of the Audit and Risk Committee meeting under section 7(2)(f)(i) of the Local Government Official Information and Meetings Act – that that the effective conduct of public affairs through the free and frank expressions of opinions of members or officers or employees of any local authority may be maintained.

CARRIED

PUBLIC EXCLUDED ITEMS

Mr Palairt / Mr Foster

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

1. Napier City Council Annual Plan 2017/18
2. Risk Management Report May 2017
3. HB LASS Provision of Internal Audit Services
4. Audit NZ - Interim Management Report
5. Napier City Council Investment and Debt Report
6. Health and Safety Report 31 May 2017
7. Insurance Update

CARRIED

The general subject of each matter to be considered while the public was excluded, the reasons 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 were as follows:

GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER	GROUND(S) UNDER SECTION 48(1) TO THE PASSING OF THIS RESOLUTION
1. Napier City Council Annual Plan 2017/18	7(2)(c)(i) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of	48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is

	similar information or information from the same source and it is in the public interest that such information should continue to be supplied	named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
2. Risk Management Report May 2017	7(2)(e) Avoid prejudice to measures that prevent or mitigate material loss to members of the public	48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
3. HB LASS Provision of Internal Audit Services	7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities	48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
4. Audit NZ - Interim Management Report	7(2)(g) Maintain legal professional privilege	48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
5. Napier City Council Investment and Debt Report	7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.

<p>6. Health and Safety Report 31 May 2017</p>	<p>7(2)(d) Avoid prejudice to measures protecting the health and safety of members of the public</p>	<p>48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>
<p>7. Insurance Update</p>	<p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</p>	<p>48(1)A That the public conduct of the whole or 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 would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.</p>

The meeting moved into committee at 1.55pm

<p>APPROVED AND ADOPTED AS A TRUE AND ACCURATE RECORD OF THE MEETING</p>
<p>CHAIRPERSON: _____</p>
<p>DATE OF APPROVAL: _____</p>