

Report 08.811  
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Author Council  
Judith Aitken, Chair, Finance Evaluation and Risk  
Committee  
Barry Turfrey, Chief Financial Officer

## **Report on the Finance, Evaluation and Risk Committee meeting held on 21 October 2008**

### **1. Purpose**

To update the Council on the meeting of the Finance, Evaluation and Risk Committee held on 21 October 2008.

### **2. Significance of the decision**

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### **3. Report**

#### **3.1 Treasury Management Policy**

The Chief Financial Officer and Stuart Henderson from Asia Pacific Risk Management (APRM) presented the principles surrounding the new Treasury Management Policy (TMP). Stuart Henderson gave an update on the current market conditions in particular:

- The history of how the credit crisis evolved
- Funding sources for the NZ banks and local government and the cost of those funds
- The effect of the government guarantee on the markets.

There were a number of questions from the Committee regarding the credit crisis.

The TMP was reviewed by the Committee and minor changes were made. The TMP was recommended to Council, subject to the changes noted.

### **3.2 Insurance Review**

The report was presented by the Chief Financial Officer. The Committee requested that the management report back to the Committee with answers/comments on the minor matters raised in the independent report. John Sloan, who prepared the independent review, was present at the meeting.

### **3.3 Risk Management Framework Development**

There was general acceptance of the criteria recommended for the risk management system, Quantate. There were some questions about the weighting applied to some of the criteria. Management were asked to review those weightings.

Councillor Aitken expressed her ongoing reservations about the strength of the overall risk management framework, reliance on a software programme (Quantate) as the primary risk management tool, and the fact that the policy does not reflect business practice which makes, for instance, an explicit distinction between managing risks associated with issues and those arising in respect to realised events.

### **3.4 Wholesale Water Infrastructure Assets – Review of Insurance Policy**

The report was presented by management who outlined the changed circumstances regarding the insurance of the water assets. In particular, the report addressed the following matters:

- The self insurance fund has build up to \$12 million
- The cost of holding credit facilities has substantially increased
- The premiums for insuring the assets have decreased.

The Committee accepted the recommendation to insure the water assets.

### **3.5 Human Resources Framework**

Leigh-Anne Buxton, the HR Manager, gave an oral presentation on Greater Wellington's HR framework.

## **4. Unconfirmed minutes**

The unconfirmed minutes of the Committee meeting are attached as **Attachment 1**.

## **5. Recommendations**

*That the Council:*

- 1. **Receives** the report.*
- 2. **Notes** the content of the report.*

Report prepared by:

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**Judith Aitken**  
Chair,  
Finance, Evaluation and Risk Committee

**Barry Turfrey**  
Chief Financial Officer

**Attachment 1:** Unconfirmed minutes of Committee meeting