

NOTICE IS HEREBY GIVEN THAT THE MONTHLY MEETING OF THE FINANCE AND POLICY COMMITTEE, WILL BE HELD IN THE COUNCIL CHAMBERS, 29 CIVIC AVENUE, GORE, ON TUESDAY 4 MAY 2010, FOLLOWING THE CONCLUSION OF THE REGULATORY AND PLANNING COMMITTEE MEETING.

**Stephen Parry
CHIEF EXECUTIVE**

28 April 2010

A G E N D A

1. Membership of RiskPool
(Pages 1-4)
2. Business to be Considered Pursuant to the Local Government Official Information and Meetings Act 1987:
 - (i) Other Business
 - Offer To Purchase Land

1. MEMBERSHIP OF RISKPOOL

(Memo from General Manager Corporate Services – 14.04.10)

At the Extraordinary meeting on Tuesday 23 March to consider the draft estimates, Councillors asked for clarification of the rules regarding the Council's membership of RiskPool, given the additional call being made in the 2011 year of \$43,458, along with prior indications of similar calls being likely for the following two years, at least.

I have subsequently studied both the Fund Trust Deed and Scheme Rules to refamiliarise myself with the guidelines, along with having an informal discussion with the Fund Scheme Manager, to confirm that my previous advice to the Council was correct. That advice was that each financial year is treated separately by the Fund and provided a local authority was a Fund member during a particular financial year, they would share in any subsequent losses assessed against that year, regardless of whether they remain a member of the Fund. This advice has now been confirmed to be correct.

This is particularly pertinent in the current situation where additional claims in excess of \$20,000,000 have been assessed in 2009 against the Fund years 01/02 to 07/08, principally being reassessments of the Fund's exposure to Weathertight Homes potential claims. As the Council has been a member of RiskPool throughout all of those years, it is legally bound to contribute to any calls made to fund these claims. An initial call of \$43,458 has already been signalled for the 2011 year, with two similar calls proposed for the following two years. From my discussions with the Scheme Manager, Paul Carpenter, it appears there may be some light at the end of the tunnel for the latter calls. With the tightening of the cover provided for Weathertight Homes claims, the Funds from 2010 onwards are more likely to provide surpluses and the Fund Deed allows the Trustees to recommend the appropriation of current surpluses against past year deficits, and by this means some of the possible calls for 2012 and 2013 may be able to be covered without calls for the full amount originally signalled. This is of course dependant on the actual results achieved going forward being surpluses.

Mr Carpenter also advised that the Fund continues to vigorously defend the Council's positions on all Weathertight Homes claims and actively pursues any possible defences to these claims on a case by case basis, with some progress being made in spreading

the burden away from Councils as the principal claim respondent in recent times. It is hoped that these endeavours may reduce the level of current claim provisions as well.

- ✦ By way of further update, the Trustees of RiskPool have commissioned an independent review of the Fund by BERL, a copy of the review having been distributed to all members. A summary of the salient points of this review is contained in the attached letter from the Executive Director of RiskPool, which may also be of interest to Councillors. A copy of the full BERL report is available should any Councillor wish to read it in its entirety.

RECOMMENDATION

THAT this report be received.

EXCLUSION OF THE PUBLIC

His Worship to move

I move that the public be excluded from the following parts of the proceedings of this meeting, namely the items as listed below.

The general subject of each matter to be considered while the public is excluded, the reason for passing the 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:

<u>General Subject Matter</u>	<u>Reason for passing this resolution in relation to each matter</u>	<u>Grounds under Section 48(1) for the passing of this Resolution</u>
<u>Other Business</u>		
Offer to purchase land	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); and maintain legal professional privilege.	7 (2) (i) and 7 (2) (g)